



# ANNUAL REPORT 2022-2023



**Corporate Office**  
**KIFS Housing Finance Limited**  
C-902, Lotus Park, Graham Firth Compound,  
Western Express Highway, Goregaon (E),  
Mumbai - 400063

**Registered Office**  
**KIFS Housing Finance Limited**  
6th Floor, KIFS Corporate House,  
Beside Hotel Planet Landmark, Near Ashok  
Vatika BRTS, ISKON-Ambli Road, Bodakdev,  
Ambli, Ahmedabad, Gujarat - 380054



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# BUSINESS MEETS





# CELEBRATION



## KEY PERFORMANCE HIGHLIGHTS

### BRANCHES

FY 22-23		FY 21-22
83		75

### EMPLOYEES

FY 22-23		FY 21-22
476		373

### NET PROFIT

FY 22-23		FY 21-22
13.44 Cr.		12.83 Cr.

### CAPITAL ADEQUACY RATIO

FY 22-23		FY 21-22
93.93%		90.54%

### DISBURSEMENT

FY 22-23		FY 21-22
240.66 Cr.		134.52 Cr.

### NON PERFORMING ASSET

FY 22-23		FY 21-22
1.24%		1.08%

### CUMULATIVE DISBURSEMENT

	FY 22-23		FY 21-22
NUMBER	10706		7997
AMOUNT	986.12 Cr.		745.47 Cr.

### ASSET UNDER MANAGEMENT

	FY 22-23		FY 21-22
AMOUNT	601.12 Cr.		491.31 Cr.



# CUSTOMER SATISFACTION – OUR PRIDE

**“A customer is the king and the most important visitor on our premises.”**

Achievement of customer satisfaction is a major objective of your organization. Your Company goes above and beyond to assist the customer to build loyalty and satisfaction. This in turn has increased the number of customers and holds the long-term relationship between the customer and the organization

We are committed to resolving customer complaints and ensuring customer satisfaction as part of our Customer Grievance Redressal Policy.



# EXPANDING FOOTPRINT ACROSS INDIA



MAHARASHTRA	20
GUJARAT	14
RAJASTHAN	13
MADHYA PRADESH	10
CHANDIGARH	01
DELHI	01
UTTAR PRADESH	12
PUNJAB	04
HARYANA	05
CHHATTISGARH	02

**TOTAL BRANCHES / OFFICE**

**82 / 1**



## BOARD OF DIRECTORS



**Mr. Rajesh Khandwala**  
Chairman and Managing Director

**Mr. Rajesh Khandwala** is a visionary and founder of the Khandwala Group. He is a Commerce Graduate having experience of over three decades in Capital Market activities. He is a dominant figure in Gujarat Capital Market and has contributed greatly to the Group's rise. With his support in the business of housing finance, he is taking up the Company to the new heights.

**Mr. Vimal Khandwala** is a Commerce Graduate and has deep operational knowledge of more than 20 years in Capital Market activities. Mr. Khandwala keeps providing the group with the much needed controls for efficient business operations and with his support the business of the Company, is operating in an organized manner.



**Mr. Vimal Khandwala**  
Managing Director



**Mr. Kushal Khandwala**  
Whole Time Director

**Mr. Kushal Khandwala** is a graduate with a Master's degree from the University of Warwick, who possesses substantial expertise in the Finance sector and Non-Banking Financial Company (NBFC) funding. Following a 3-year tenure at one of the top 3 investment houses, he has been actively involved with the Khandwala Group, assuming a full-time role in overseeing the operations of KIFS Housing Finance.

**Mr. Satish Mehta** is the founder of Athena Advisors – a boutique consultancy firm, consulting in the areas of Mortgage Finance and Credit Information & Bureaus. Mr. Mehta's experience spanning over 40 years in the areas of housing finance, consumer finance, business development, training, credit information and management consultancy has resulted in the creation of India's first credit bureau – CIBIL, and he has extended invaluable expertise to the fledgling financial infrastructures of countries in South Asia and the Middle East. Prior to founding Athena, Mr. Mehta worked with the Quantum Group (CEO), Dun & Bradstreet Dubai (President – Financial Infrastructure & Credit Bureaus), Credit Information Bureau (India) Ltd – CIBIL (MD), HDFC (General Manager) and Piramal Capital & Housing Finance Limited (COO).



**Mr. Satish Mehta**  
Independent Director





**Ms. Bhavna Desai**  
Independent Director

**Ms. Bhavna Desai** is a Bachelor in Commerce from Mumbai University having over two decades of experience in shares and security market activities. She was associated as a partner with a firm M/s G. B. Desai which is engaged in the business of dealing with securities and presently, she is associated with Companies like Godawari Power and Ispat Limited, Alok Ferro Alloys Limited, Chettinad Cement Corporation Private Limited and Hirra Ferro Alloys Limited in the capacity of Independent Women Director

**Mr. Kartik Mehta** is a qualified Chartered Accountant from Institute of Chartered Accountants of India and a member of the Institute of Cost Accountant of India. He is also qualified Certified Financial Planner. He is a Career banker with more than 27 years of experience in the banking and the financial services industry in India. He has worked across various functions including corporate finance, treasury management, retail banking and distribution, agriculture credit and priority sector and microfinance during his banking career. Over the last couple of years, he has been associated as a Micro Finance practitioner and has extensively worked in the western geographies of India



**Mr. Kartik Mehta**  
Non- Executive Director



**Ms. Purvi Bhavsar**  
Non- Executive Director

**Ms. Purvi Bhavsar** has won several awards and accolades during her professional career including the “Leading women in Telecom” for the year 2010. She has over 25 years of diverse experience in the financial services and telecom industries. Starting her career with Kotak Mahindra Finance Ltd. She has worked in various functions including corporate finance, retail, banking, channel management, distribution and sale with Apple Industries, HDFC Banks, ICICI Bank and Vodafone. Ms. Bhavsar was one of the selected few within ICICI who was identified for a fast track career development. Prior to working in Micro Finance, she was also the regional head in Mumbai looking after the liability business of more than 5000 crores in her territory and handling over fifty branches and leading a team of over 500 employees.

## OUR CORE TEAM

1. Mr. Avinash Srivastava, Chief Operating Officer
2. Mr. Vikki Soni, Chief Financial Officer
3. Mr. Dharmendra Doshi, Operations Head
4. Mr. Amit Shrivastava, Head – Legal
5. Mr. Saurabh Goel, Head – Credit and Risk
6. Mr. Gundopant Salokhe, Chief Technology & Information Officer
7. Mr. Vipul Dubey, Deputy Vice President- Technical

## CORPORATE INFORMATION

### A. COMPANY DETAILS

CIN: U65922GJ2015PLC085079  
**RBI Reg. No.:** DOR-00145 dated August 12, 2020  
**NHB COR No.** 10.0145.16 dated October 27, 2016  
**LEI No.:** 335800358RJYD5ZDXQ31  
**Website:** [www.kifshousing.com](http://www.kifshousing.com)

### B. REGISTERED & CORPORATE OFFICE ADDRESS

#### -: Registered Office :-

6th Floor, KIFS Corporate House, Beside Hotel Planet Landmark, Near Ashok Vatika Brts,  
 Iskon-Ambli Road, Bodakdev, Ambli, Ahmedabad, Gujarat - 380054

#### -: Corporate Office :-

C-902, Lotus Corporate Park, Graham Firth Compound, Western Express Highway, Goregaon (East),  
 Mumbai- 400063

### C. BOARD OF DIRECTORS

Mr. Rajesh Khandwala	-	Chairman & Managing Director
Mr. Vimal Khandwala	-	Managing Director
Mr. Kushal Khandwala	-	Whole time Director
Mr. Satish Mehta	-	Independent Director
Ms. Bhavna Desai	-	Independent Director
Mr. Kartik Mehta	-	Non- Executive Director
Ms. Purvi Bhavsar	-	Non- Executive Director

### D. DETAILS OF COMMITTEES

Audit Committee			CSR Committee		
Mr. Satish Mehta	-	Chairman	Mr. Vimal Khandwala	-	Chairman
Mr. Vimal Khandwala	-	Member	Mr. Rajesh Khandwala	-	Member
Ms. Bhavna Desai	-	Member	Mr. Satish Mehta	-	Member
Mr. Kartik Mehta	-	Member			
Ms. Purvi Bhavsar	-	Member			

Asset Liability Management Committee			IT Strategy Committee		
Mr. Vimal Khandwala	-	Chairman	Mr. Satish Mehta	-	Chairman
Mr. Rajesh Khandwala	-	Member	Ms. Bhavna Desai	-	Member
Mr. Satish Mehta	-	Member	Mr. Vimal Khandwala	-	Member
Mr. Avinash Srivastava	-	Member	Mr. Avinash Srivastava	-	Member
Mr. Vikki Soni	-	Member	Mr. Vikki Soni	-	Member
Mr. Gundopant Salokhe	-	Member	Mr. Gundopant Salokhe	-	Member



Nomination and Remuneration Committee			Risk Management Committee		
Mr. Satish Mehta	-	Chairman	Mr. Vimal Khandwala	-	Chairman
Mr. Rajesh Khandwala	-	Member	Mr. Satish Mehta	-	Member
Mr. Vimal Khandwala	-	Member	Mr. Avinash Srivastava	-	Member
Ms. Bhavna Desai	-	Member	Mr. Vikki Soni	-	Member
Mr. Kartik Mehta	-	Member	Mr. Gundopant Salokhe	-	Member
Ms. Purvi Bhavsar	-	Member			

Customer Grievance Redressal Committee			Borrowing and Investment Committee		
Mr. Vimal Khandwala	-	Chairman	Mr. Vimal Khandwala	-	Chairman
Mr. Kushal Khandwala	-	Member	Mr. Rajesh Khandwala	-	Member
Mr. Avinash Srivastava	-	Member	Mr. Satish Mehta	-	Member
Mr. Vikki Soni	-	Member	Mr. Kartik Mehta	-	Member
Mr. Gundopant Salokhe	-	Member			
Mr. Dharmendra Doshi	-	Member			

Wilful Defaulter Identification Committee			Wilful Defaulter Review Committee		
Mr. Vimal Khandwala	-	Chairman	Mr. Rajesh Khandwala	-	Chairman
Mr. Rajesh Khandwala	-	Member	Mr. Vimal Khandwala	-	Member
Mr. Kushal Khandwala	-	Member	Ms. Bhavna Desai	-	Member
Mr. Avinash Srivastava	-	Member			
Mr. Vikki Soni	-	Member			

### E. KEY MANAGERIAL PERSONNEL

1. Mr. Rajesh Khandwala, Chairman and Managing Director
2. Mr. Vimal Khandwala, Managing Director
3. Mr. Kushal Khandwala, Whole Time Director
4. Mr. Vikki Soni, Chief Financial Officer
5. Ms. Samrudhi Shetty, Company Secretary

## F. BANKS

National Housing Bank	AU Small Finance Bank Limited
State Bank of India	South Indian Bank
Federal Bank Limited	Bank of Baroda
IDBI Limited	Canara Bank
KarurVysya Bank Limited	Capital Small Finance Bank
CSB Bank	Tata Capital Financial Services Limited
Utkarsh Small Finance Bank	

## G. STATUTORY AUDITORS

M/s Manubhai & Shah LLP, Chartered Accountants

## H. INTERNAL/ OPERATIONAL AUDITORS

M/s Sanjay Vastupal & Co, Chartered Accountants

## I. SECRETARIAL AUDITOR

M/s Kiran Doshi & Co., Company Secretaries

## J. REGISTRAR & TRANSFER AGENT

NSDL Database Management Limited (“NDML”)

## K. DEPOSITORIES

National Securities Depository Ltd. (NSDL)

Central Depositories Services India Ltd. (CDSL)

## L. DEBENTURE TRUSTEE

Visra ITCL (India) Limited (CIN: U66020MH1995PLC095507)



## MESSAGE FROM CHAIRMAN

### Dear Stakeholders

I am delighted to present to you the 8<sup>th</sup> Annual Report of KIFS Housing Finance Limited for the year ended March 31, 2023. The FY 2022-23 was another eventful year for your Company. During the period, it pursued various growth opportunities and achieved success.

The housing sector offers a variety of opportunities both vast and promising, and KIFS Housing is committed to maximizing them. It maintains a highly robust portfolio of assets while simultaneously executing multiple strategies, including judiciously managing liquidity, leveraging a large resource base, and maintaining a balanced growth strategy. Your Company advances with agile steps, driven by powerful systems and processes, a differentiated portfolio, and a focused business strategy.

As the country undergoes a sweeping socio-economic transformation, your Company will continue to grow and expand its solutions portfolio to meet the changing demands of clients.

Before I conclude, I thank all members of the KIFS Housing family for their team spirit and to all stakeholders for their trust, integrity and accountability. I also wish to thank the regulator, the National Housing Bank for guidance and support; and I am happy to share that your Company continues to be in compliance with the guidelines issued by them.

With renewed confidence and optimism, I look forward to the New Year.

Yours sincerely,

**Rajesh Parmanand Khandwala**

Chairman and Managing Director

# DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company have great pleasure in presenting the 8<sup>th</sup> Annual Report together with the Audited Financial Statements and the Report of the Auditors for the Financial Year ended March 31, 2023.

## FINANCIAL RESULTS

The summary of financial performance of the Company for the year are as under:

(Rupees in Crores except EPS)

Particulars	2022-23	2021-22
Total Revenue from Operations	80.08	65.35
Total Expenditure	63.51	49.16
Profit / (Loss) before provision for tax	16.56	16.19
Tax Expense	3.12	3.36
Net Profit / (Loss) after tax	<b>13.44</b>	<b>12.83</b>
Other comprehensive income/(loss)	0.19	0.22
Total Comprehensive Income	<b>13.63</b>	<b>13.05</b>
Earnings / (Loss) per Share (Basic & Diluted)	0.54	0.51

## PERFORMANCE REVIEW

The Company's gross income for the Financial Year ended March 31, 2023 increased to Rs. 80.08 Cr as compared to Rs. 65.35 Cr in the previous Financial Year thereby registering an increase of 22.54%. The profit before tax of the Company is Rs. 16.56 Cr during the year. The Net Profit for the FY is Rs. 13.44 Cr. Asset Under Management (AUM) were at Rs. 601.12 Cr as at March 31, 2023 as against Rs. 491.31 Cr as at March 31, 2022.

## DIVIDEND

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the Financial Year ended March 31, 2023. The Directors also inform that the Company has not declared any interim dividend during the year.

## ACCOUNTING METHOD

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and other provisions of the Act. The details of the accounting treatment followed during the financial year are mentioned in notes to Financial Statement.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred during and at end of the financial year to which these financial statements relate on the date of this report.

## CHANGE IN NATURE OF BUSINESS

There was no change in the nature of the business of the Company.

## PUBLIC DEPOSITS

In accordance with the National Housing Bank Act, 1987, your Company is a non-deposit taking Housing Finance Company and had declared that it has not and shall not accept deposit as per the terms and conditions of the registration provided by National Housing Bank.

## REVIEW OF BUSINESS & OPERATIONS OF THE COMPANY

Your Company is registered as a Housing Finance Company ("HFC") with National Housing Bank ("NHB") and Reserve Bank of India to carry out the housing finance activities in India. KHFL continues to focus on affordable housing segment, catering specially to the aspirations of low and middle-income Indian families who dream to own their homes. It is engaged in on-lending business for Retail housing loans to customers belonging to Middle Income Group (MIG) & Low Income Group (LIG). Company's 100% portfolio is retail and organic i.e. NIL bought portfolio and NIL builder loan.



The Business profile of KHFL is majorly tilted towards formal, salaried category as compared to informal and self-employed segment, which is low risk customer profile with an average ticket size of Rs. 9.04 Lakhs hence overall NPA risk for KHFL remains low.

### **FOIR & LTV RATIOS BAND**

Average FOIR and LTV of all customers is 42% and 54% respectively.

Our product wise yield in Home Loan sector is 13.75% and Non Home Loan sector is 15.84%.

We received subsidy for 40% of Home Loan portfolio as on March 31, 2023.

Penetration towards direct sourcing with a healthy mix of Business Associates who made our presence strong in every hook & corner of the city is our driving force. Conscious Profile & Product mix of the portfolio helped us to keep our delinquency in control.

Your Company has recorded an income of Rs. 80.08 Cr as against Rs. 65.35 Cr. in the previous year and the profit after tax is Rs. 13.44 Cr.

### **HOLDING COMPANY**

The Company does not have any holding Company, subsidiaries, Associates or Joint Ventures.

### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Since your Directors have neither declared any interim dividend during the year under review nor recommended any final dividend, there is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

### **TRANSFER TO RESERVES**

During the year under review, your Company has transferred Rs. 3.68 Cr to Statutory Reserve as required under section 29C of National Housing Bank Act, 1987 equivalent to 20% of profit after tax or deduction claimed u/s 36(1)(viii) of Income Tax Act, 1961, whichever is higher.

### **CAPITAL STRUCTURE**

During the year under review, there has been no change in authorized, subscribed and paid-up Capital of your Company.

The same is as follows:

<b>Share Capital</b>	<b>Amount (in Rs.)</b>
Authorized Share Capital (250,000,000 Equity Shares of Rs. 10 each) as on March 31, 2022	250,00,00,000
Issued, Subscribed and Paid - up Capital as on March 31, 2022 (249,986,452 Equity Shares of Rs. 10 each)	249,98,64,520

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The report on Management Discussion and Analysis for the financial year under review, as stipulated under the Master Direction- Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued by the RBI and as updated from time to time (the 'Master Direction'), forms part of this Annual Report.

### **BOARD OF DIRECTORS:**

The Board of Directors forms the top layer of the hierarchy of your Company which helps in setting broad goals, support senior management in pursuit of those goals and ensure the company has well managed resources at its disposal. The Board as a governance body works in the best interests of stakeholders.

As on March 31, 2023, your Company has Total Seven Directors consisting of Two Independent Directors including one Women Director, Two Non-Executive Directors including One Woman Director and Three Executive Directors as stated below:

The Composition of Board are as under :-

Sr. No.	Name of the Directors	DIN	Designation	Appointment Date	Tenure
1	Mr. Rajesh Parmanand Khandwala	00477673	Chairman & Managing Director (Executive)	November 16, 2015	7.4 years
2	Mr. Vimal Parmanand Khandwala	00477768	Managing Director (Executive)	November 16, 2015	7.4 years
3	Mr. Kushal Jayesh Khandwala	03345686	Whole Time Director (Additional Director)(Executive)	March 20, 2023	10 days
4	Mr. Satish Gordhan Mehta	00110640	Independent Director (Non-Executive)	November 30, 2022	4 months
5	Ms. Bhavna Govindbhai Desai	06893242	Independent Director (Non-Executive)	December 01, 2020	3.4 years
6	Mr. Kartik Shailesh Mehta	02083342	Non-Executive Director	March 04, 2016	7 years
7	Ms. Purvi Jayesh Bhavsar	02102740	Non-Executive Director	March 04, 2016	7 years

During the financial year under review, the following changes took place in the Board of your Company:

Mr. Padmanabh Vora ceased to be an Independent Director with effect from August 05, 2022 due to his sad demise.

Mr. Satish Mehta was appointed as an Additional Director in the capacity of Independent Director with effect from November 30, 2022 and the said appointment was regularised by the Members of the Company at their Extra-Ordinary General Meeting ('EGM') held on November 30, 2022.

Mr. Kushal Jayesh Khandwala was appointed as an Additional Director in the capacity of Whole Time Director with effect from March 20, 2023.

All the aforesaid approvals for appointment/re-appointment of the Directors were duly recommended by the Nomination and Remuneration Committee of the Company.

Based on the declarations and confirmations received in terms of the provisions of Section 164 of the Companies Act, 2013 and the NHB/RBI Directions, none of the directors on the Board of your Company are disqualified from being appointed/ continuing as directors.

The Company has also received declarations under section 184(1) read with Rule 9(1) of the Companies Act, 2013 from the Directors stating their interest or concern in other companies.

Pursuant to the provisions of Chapter IX – Corporate Governance of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI, the Company has received the requisite declarations and undertaking from all directors of the Company and all the directors of the Company have confirmed that they satisfy the Fit and Proper criteria.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Vimal Khandwala is liable to retire by rotation at the ensuing AGM and the Director is eligible for re-appointment.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 (Act) that he/she meets the criteria of independence laid down in the Act, as amended.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise. All the Independent Directors of the Company have registered their names with the data bank created for Independent Directors.

The details on the number of board/committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report



## KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rules made thereunder, following are the Key Managerial Personnel of the Company as on March 31, 2023:

No.	KEY MANAGERIAL PERSONNEL
1	Mr. Rajesh Khandwala, Chairman and Managing Director
2	Mr. Vimal Khandwala, Managing Director
3	Mr. Kushal Khandwala, Whole Time Director (Additional Director)
4	Mr. Vikki Soni, Chief Financial Officer
5	Ms. Samrudhi Shetty, Company Secretary

During the financial year under review, the following changes took place in the Key Managerial Personnel of your Company:

- i. Ms. Tejal Gala resigned as a Company Secretary with effect from August 10, 2022.
- ii. Mr. Vikki Soni was appointed as a Chief Financial Officer with effect from July 18, 2022.
- iii. Mr. Kushal Khandwala was appointed as an Additional Director in capacity of Whole Time Director with effect from March 20, 2023.
- iv. Ms. Samrudhi Shetty was appointed as a Company Secretary with effect from March 20, 2023.

## EXTRACT OF ANNUAL RETURN

The Ministry of Corporate Affairs (MCA) vide Companies (Amendment) Act, 2017 has amended the provisions of Section 92(3) of the Companies Act, 2013 with effect from 28th August 2020. Post the amendment, every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report. The requirement of annexing extract of annual return in Form MGT-9 has been repealed.

Accordingly, the Annual Return in Form MGT-7 for the financial year ended March 31, 2023, shall be available on the website of the Company at <https://kifshousing.com/financial-reports/>.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES PURSUANT TO SECTION 188 OF THE COMPANIES ACT, 2013

In accordance with the provisions of Section 188 of the Act and rules made thereunder, some of the transactions are on an arm's length pricing basis and some are not at arm's length basis, the details of which are included in the notes forming part of the financial statements. The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC-2 of the Companies (Accounts) Rules, 2014, is annexed to this report in Annexure I.

The Policy on Related Party Transactions can be accessed at <https://kifshousing.com/governance-policies/>

## EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES, AND INDIVIDUAL DIRECTORS:

Pursuant to provisions of Section 134(3)(e) of the Companies Act, 2013 and Nomination, Remuneration & Evaluation Policy of the Company, the Board of your Company has carried out an annual evaluation of its own performance and that of its Committees as well as reviewed the performance of the Directors individually for Financial Year 2022-2023. The performance evaluation of the Non-Independent Directors and the Board as a whole, was carried out by the Independent Directors. The Independent Directors also carried out the evaluation of the Chairman of the Company, considering the views of Non-Executive Directors and also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Directors also carried out performance evaluation of the Managing Directors of the Company.

The evaluation was carried out through a rating based structured questionnaires prepared in accordance with guidance note issued by ICSI on performance evaluation, it covered various parameters which were different for different categories of Directors, in all it included questions/pointers with respect to appropriate expertise and experience, integrity, clear mission statements, policies, and Strategy formulation and execution, effective organization structure, ensuring that there is management focus on key functions, working relationships, Product/Service Knowledge, Personal Qualities, Leadership, Financial planning / performance, External Relations, Knowledge and Skill, Participation at Board/ Committee Meetings etc.

The Directors have expressed their satisfaction with the parameters of evaluation, the implementation and compliance of the evaluation exercise done.

## CORPORATE GOVERNANCE REPORT:

The Corporate Governance Report for the Financial Year 2022-23 as stipulated in the Section II(A) - Corporate governance of RBI Circular dated April 19, 2022 on Disclosure in Financial Statements – Notes to Accounts of NBFCs read with RBI Circular dated October 22, 2021 forms part of the Annual Report.

### GENERAL MEETINGS:

The 7<sup>th</sup> Annual General Meeting of your Company was held on August 10, 2022.

During the year under review, 1 Extra-ordinary General Meeting was held on November 30, 2022.

### BOARD MEETINGS

The size of the Board is commensurate with the size and business of the Company. The Company held a minimum of one board meeting in every quarter with a gap of not exceeding 120 days between two consecutive board meetings. During the year under review, the Board Meetings were held on May 27, 2022, July 18, 2022, August 10, 2022, September 28, 2022, November 11, 2022, November 30, 2022, February 07, 2023 and March 20, 2023. The attendance of the Board Members are as follows:

Sr. No.	Name of the Directors	DIN	Designation	No. of Meetings attended out of 8
1	Mr. Rajesh Parmanand Khandwala	00477673	Chairman & Managing Director (Executive)	08
2	Mr. Vimal Parmanand Khandwala	00477768	Managing Director (Executive)	07
3	#Mr. Kushal Jayesh Khandwala	03345686	Whole Time Director (Additional Director) (Executive)	00
4	*Mr. Padmanabh Vora	00003192	Independent Director (Non-Executive)	02
5	@Mr. Satish Gordhan Mehta	00110640	Independent Director (Non-Executive)	02
6	Ms. Bhavna Govindbhai Desai	06893242	Independent Director (Non-Executive)	08
7	Mr. Kartik Shailesh Mehta	02083342	Non-Executive Director	04
8	Ms. Purvi Jayesh Bhavsar	02102740	Non-Executive Director	04

#Mr. Kushal Jayesh Khandwala was appointed as an Additional Director in the capacity of Whole Time Director with effect from March 20, 2023.

\*Mr. Padmanabh Vora ceased to be an Independent Director with effect from August 05, 2022.

@Mr. Satish Mehta was appointed as an Independent Director with effect from November 30, 2022.

### AUDIT COMMITTEE

During the year under review, the Audit Committee had five Meetings on May 27, 2022, August 10, 2022, November 11, 2022, November 30, 2022 and February 07, 2023.

The Composition of Committee and the attendance of the Members at the meetings were as under:

Sr. No.	Name of the Directors	Position	Designation	No. of Meetings attended out of 5
1	*Mr. Padmanabh Pundrikray Vora	Chairman	Independent Director (Non-Executive)	01
2	#Mr. Satish Gordhan Mehta	Chairman	Independent Director (Non-Executive)	01
3	Mr. Vimal Parmanand Khandwala	Member	Managing Director (Executive)	05
4	Ms. Bhavna Govindbhai Desai	Member	Independent Director (Non-Executive)	05
5	Mr. Kartik Shailesh Mehta	Member	Non-Executive Director	03
6	Ms. Purvi Jayesh Bhavsar	Member	Non-Executive Director	04

\*Mr. Padmanabh Vora ceased to be the Member (Chairman) of the Committee with effect from August 05, 2022.

#Mr. Satish Mehta was inducted as a Member (Chairman) of the Committee with effect from November 30, 2022.



## NOMINATION AND REMUNERATION COMMITTEE (NRC)

During the year under review, the Nomination and Remuneration Committee met four times on July 18, 2022, August 10, 2022, November 30, 2022 and March 20, 2023.

Sr. No.	Name of the Directors	Position	Designation	No. of Meetings attended out of 4
1	*Mr. Padmanabh Pundrikray Vora	Chairman	Independent Director (Non-Executive)	01
2	#Mr. Satish Gordhan Mehta	Chairman	Independent Director (Non-Executive)	00
3	Mr. Rajesh Parmanand Khandwala	Member	Chairman & Managing Director (Executive)	04
4	Mr. Vimal Parmanand Khandwala	Member	Managing Director (Executive)	03
5	Ms. Bhavna Govindbhai Desai	Member	Independent Director (Non-Executive)	04
6	Mr. Kartik Shailesh Mehta	Member	Non-Executive Director	02
7	Ms. Purvi Jayesh Bhavsar	Member	Non-Executive Director	02

\*Mr. Padmanabh Vora ceased to be the Member (Chairman) of the Committee with effect from August 05, 2022

#Mr. Satish Mehta was inducted as a Member (Chairman) of the Committee with effect from March 20, 2023.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

During the year under review, the CSR Committee met twice on May 27, 2022 and November 30, 2022.

The Composition of Committee and the attendance of the Members at the meeting were as under:-

Sr. No.	Name of the Directors	Position	Designation	No. of Meetings attended out of 2
1	Mr. Vimal Parmanand Khandwala	Chairman	Managing Director (Executive)	02
2	Mr. Rajesh Parmanand Khandwala	Member	Chairman & Managing Director (Executive)	02
3	*Mr. Padmanabh Vora	Member	Independent Director (Non-Executive)	01
4	#Mr. Satish Gordhan Mehta	Member	Independent Director (Non-Executive)	00

\*Mr. Padmanabh Vora ceased to be the Member of the Committee with effect from August 05, 2022.

#Mr. Satish Mehta was inducted as a Member of the Committee with effect from February 07, 2023.

## ASSET LIABILITY MANAGEMENT COMMITTEE

During the year under review, the Asset Liability Management Committee met four times on May 27, 2022, August 10, 2022, November 11, 2022 and February 07, 2023.

The attendance of the Members at the meeting were as under:-

Sr. No.	Name of the Directors	Position	Designation	No. of Meetings attended out of 4
1	Mr. Vimal Parmanand Khandwala	Chairman	Managing Director (Executive)	04
2	Mr. Rajesh Parmanand Khandwala	Member	Chairman & Managing Director (Executive)	04
3	*Mr. Padmanabh Pundrikray Vora	Member	Independent Director (Non-Executive)	01
4	#Mr. Satish Gordhan Mehta	Member	Independent Director (Non-Executive)	00
5	Mr. Avinash Srivastava	Member	Chief Operating Officer	04
6	@Mr. Vikki Soni	Member	Chief Financial Officer	02
7	Mr. Gundopant Salokhe	Member	Chief Information and Technology Officer	04

*\*Mr. Padmanabh Vora ceased to be the Member of the Committee with effect from August 05, 2022.*  
*#Mr. Satish Mehta was inducted as a Member of the Committee with effect from February 07, 2023.*  
*@ Mr. Vikki Soni was inducted as a Member of the Committee with effect from August 10, 2022.*

## **BORROWING AND INVESTMENT COMMITTEE**

During the year under review, the Investment Committee met seven times on May 26, 2022, September 28, 2022, October 20, 2022, November 11, 2022, November 28, 2022, December 05, 2022 and January 27, 2023.

Sr. No.	Name of the Directors	Position	Designation	No. of Meetings attended out of 7
1	Mr. Vimal Parmanand Khandwala	Chairman	Managing Director (Executive)	07
2	Mr. Rajesh Parmanand Khandwala	Member	Chairman & Managing Director (Executive)	06
3	*Mr. Padmanabh Vora	Member	Independent Director (Non-Executive)	01
4	#Mr. Satish Gordhan Mehta	Member	Independent Director (Non-Executive)	00
5	Mr. Kartik Shailesh Mehta	Member	Non-Executive Director	02

*\*Mr. Padmanabh Vora ceased to be the Member of the Committee with effect from August 05, 2022.*  
*#Mr. Satish Mehta was inducted as a Member of the Committee with effect from February 07, 2023.*

## **INFORMATION TECHNOLOGY STRATEGY COMMITTEE**

During the year under review, IT Strategy Committee met two times on September 01, 2022 and February 28, 2023 and the attendance of the Members at the meeting was as under:

Sr. No.	Name of the Directors	Position	Designation	No. of Meetings attended out of 4
1	*Mr. Padmanabh Pundrikray Vora	Chairman	Independent Director (Non-Executive)	00
2	#Mr. Satish Mehta	Chairman	Independent Director (Non-Executive)	00
3	@Ms. Bhavna Desai	Member	Independent Director (Non-Executive)	01
4	Mr. Vimal Khandwala	Member	Managing Director (Executive)	02
5	Mr. Avinash Srivastava	Member	Chief Operating Officer	02
6	**Mr. Vikki Soni	Member	Chief Financial Officer	01
7	Mr. Gundopant Salokhe	Member	Chief Information and Technology Officer	02

*\*Mr. Padmanabh Vora ceased to be the Member (Chairman) of the Committee with effect from August 05, 2022.*  
*@Ms. Bhavna Desai was inducted as a Member (Chairperson) of the Committee with effect from November 11, 2022.*  
*#Mr. Satish Mehta was inducted as a Member (Chairman) of the Committee with effect from March 20, 2023.*  
*\*\*Mr. Vikki Soni was inducted as a Member of the Committee with effect from November 11, 2022.*

## **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has a Corporate Social Responsibility (CSR) Committee comprising Mr. Vimal Khandwala, Mr. Rajesh Khandwala and Mr. Satish Mehta. Mr. Vimal Khandwala is the Chairman of the Committee.

The role of the CSR Committee is to review the CSR Policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR Activities.



KHFL was required to spend Rs. 39, 55,599/- (rounded off to Rs. 39,55,600/-) towards CSR activities during the year under review. Your Company approved the CSR expenditure of Rs. 40,00,000/- and incurred CSR Expenditure of Rs. 18,00,000/- towards Tata Memorial Hospital for treatment of cancer patients, Rs. 12,00,000/- was spent towards Hunger Free Palghar - an initiative by Govardhan Annakshetra, ISKON for free food distribution and Rs. 10,00,000/- was spent towards Sankara Nethralaya (unit of Medical Research Foundation) for treatment of complicated major eye surgeries.

Details of the composition of the CSR Committee and the CSR Policy have been provided in the Annual report on Corporate Social Responsibility disclosed “Annexure II” which forms an integral part of this Board's Report.

The Company's CSR Policy can be accessed at <https://www.kifshousing.com/policies.html>.

### MEETING OF INDEPENDENT DIRECTORS:

During the Financial Year under review, a separate meeting of the Independent Directors was held on March 20, 2023, without the attendance of the Non-Independent Directors and management of the company. The Non-Independent Directors, Chairperson, Managing Director, Statutory Committees, and the Board as a whole were evaluated after assessing the quality, quantity, and timeliness of information flowing between the Management and the Board, which is necessary for effective and reasonable performance of the Board's duties.

### REMUNERATION OF DIRECTORS:

During the financial year under review, sitting fees as approved by the Board, have been paid to Mr. Padmanabh Vora, Independent Director, Mr. Satish Mehta, Independent Director, Ms. Bhavna Desai, Independent Director, Mr. Kartik Mehta, Non-Executive Director and Ms. Purvi Bhavsar, Non-Executive Director for attending the Board and Committee Meetings. Details of the sitting fees have been provided below

Particulars of Remuneration	Non-Executive Directors					Amount
	Mr. Padmanabh Vora	Mr. Kartik Mehta	Ms. Purvi Bhavsar	Ms. Bhavna Desai	Mr. Satish Mehta	
Fee for attending Board / Committee meetings	70,000	1,10,000	1,10,000	1,80,000	30,000	5,00,000
Commission	-	-	-	-	-	-
Others*	-	-	-	-	-	1,00,000
Total (B)	-	-	-	-	-	6,00,000
Total Managerial Remuneration	-	-	-	-	-	-
Overall ceiling as per the Act	1% of the Net Profit of the Company					

\*Mr. Satish Mehta has received remuneration of Rs. 1,00,000 in the capacity of chairman of the Audit Committee of the Company.

Mr. Rajesh Khandwala and Mr. Vimal Khandwala, Managing Directors and Mr. Kushal Khandwala, (Additional Director) Whole – Time Director do not receive any remuneration or sitting fees from the Company.

### DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014.

The ratio of the remuneration of each director to the median remuneration of employees and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as Annexure IV and forms part of this report.

### STATUTORY AUDITORS

In terms of Section 139 of the Act, M/s Manubhai & Shah LLP (FRN: 106041W/ W100136), Chartered Accountants, were re-appointed as statutory auditors of the Company to hold office from the conclusion of the 6<sup>th</sup> AGM of the Company till the conclusion of the 11<sup>th</sup> AGM. The statutory auditors have confirmed they are not disqualified from continuing as auditors of the Company.

M/s Manubhai & Shah LLP (FRN: 106041W/ W100136), the Statutory Auditors of the Company have audited the books of accounts of the Company for the financial year ended March 31, 2023 and have issued the Auditors Report thereon. The annual accounts of the Company have been prepared on a going concern basis.

As per the provisions of the NHB Notification No. NHB.HFC.CGDIR.1/MD&CEO/2016 and newly notified Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, partner of the audit firm is being rotated every three years.

Your Directors confirm that the Statutory Audit Report for Financial Year 2022-23 does not contain any qualifications or reservations or adverse remarks.

In terms of the Master Circular – Housing Finance Companies - Auditor's Report (NHB) Directions, 2016, the auditors have also submitted an additional report for FY 2022-23. There were no comments or adverse remarks in the said report.

### REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instance of frauds committed in the Company as per Section 143 (12) of the Companies Act, 2013, details of which needs to be mentioned in the Report.

### INTERNAL FINANCIAL CONTROLS

Your Company has an adequate system of internal control procedures which commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee of the Board.

Further, the Company has policies and procedures in place for Internal Financial Control ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

### SECRETARIAL AUDITOR

The Secretarial Auditor of the Company have given an unqualified report for the financial year 2022-23, however, they have reported certain observations which are as under:

Sr.No.	Secretarial Audit Observations	Comments from the Board
1	The office of Whole-Time Company Secretary was filled after the prescribed period u/s 203(4) of the Companies Act, 2013.	While the appointment of the Whole Time Company Secretary was required by February 09, 2023, the recruitment process took time and the appointment was made on March 20, 2023.
2	The Bombay Stock Exchange (BSE) levied a fine of Rs. 34,220/- for one day delay in filing for June 2022 Quarter returns under Regulation 50(1) and 60 (2) and non - submission of intimation under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Company submitted its clarification with respect to timely submission of intimation under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 along with the relevant supporting to the BSE and confirmation was awaited. As Company did not receive reply from BSE on their clarification, Company paid the fine of Rs.34220/- on 7th October, 2022 and requested BSE to adjust the said amount against future annual listing fees/charges upon BSE confirming the duly compliance of Regulation 54(2) by the Company.	The fines were imposed under Regulation 50(1) and 60(2) for one day late filing in consideration of the holiday. The company had already complied with Regulation 54(2) from SEBI LODR and requested a review along with the required clarifications and supporting documents.
3	A penalty of Rs. 6,07,200/- was levied by Office of The Superintendent of Stamps, Gandhinagar, Gujarat vide order dated 16th March, 2023 for payment of less stamp duty on Debenture Trust Deed and various Deed of Hypothecation.	The penalty was imposed because of the difference between the stamp duty paid by the company in the state of Delhi and the rate applicable in the state of Gujarat. The difference in stamp duty along with the penalty was paid by the company.

### INTERNAL AUDITOR

Your Company has appointed Sanjay Vastupal & Co.Chartered Accountants holding Firm Registration No.: 109187Wto carry out the internal financial and operational audit of the Company.

The Company has outsourced and has in place external system which is designed to ensure operational efficiency, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an Internal Audit team outsourced which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems and processes and is manned by team of qualified personnel.

The Internal Audit team during the course of its audit also ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective action. Internal Audit Reports are obtained on a quarterly basis, which are reviewed by the Audit Committee and discussed with the Management.



The Risk Management Committee and the Audit Committee periodically review various risks associated with the business of the Company and ensure effectiveness of the internal controls in the Company. The Company's internal control system commensurate' with the size and the nature of its operations.

The Financial and Operational Audit Report's observations were duly reviewed and addressed by the committee.

### **RISK MANAGEMENT FRAMEWORK**

Your Company is in the lending business hence it faces various risks in its scale of operations. The Company has in place a Risk Management framework so that risks that the Company faces are identified, controlled and priced in a manner that the Company can continue its operations in a profitable and sustainable manner.

The Risk Management Policy is to identify and mitigate elements of risk which in the opinion of the Board may impact the Company and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically done and examined by the Board of Directors of the Company and has delegated responsibility of overseeing Risk Management Framework to the Audit. Committee. In order to monitor the Risk in the business and operations, the Risk Management committee was duly constituted. Your Company follows the best practice for management of credit risk, market risk and operational risk and has put in place a comprehensive Risk Management Policy envisaging a robust risk management programme.

### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

In compliance with the provisions of the Section 177 of the Companies Act, 2013 read with the rules made thereunder, the Whistle-Blower and Vigil Mechanism Policy is formulated as part of the Vigil Mechanism established by the Company for Directors and Employees to report genuine concerns, to provide a secure environment and to encourage employees to report unethical, unlawful or improper practices, acts or activities in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees who report such practices in good faith.

KHFL is committed to developing a culture where it is safe for all employees to raise concerns about any wrongful conduct. The Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

The Whistle-Blower and Vigil Mechanism Policy aims to provide a channel to the Directors and employees to report genuine concerns and grievances about victimization, unethical behavior, actual or suspected fraud, violation of the Codes of Conduct or policy. This Policy provides for adequate safeguards against victimization of Directors and employees and also provides direct access to the Chairman of the Audit and Risk Management Committee. The Whistle-Blower Policy/Vigil Mechanism is uploaded on the website of the Company at <https://kifshousing.com/governance-policies/>.

### **PARTICULARS OF INVESTMENTS, LOANS & GUARANTEES UNDER SECTION 186 OF COMPANIES ACT, 2013.**

As the Company is a Housing Finance Company, the disclosure regarding particulars of the loans made, guarantee given and security provided in the ordinary course of business are exempted under the provisions of Section 186(1) of the Companies Act, 2013.

However, your Company has not given any loan or provided any guarantee or any security or made any investment during the year under review.

### **DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to uphold and maintain the dignity of all its employees including women employees and it has a policy which provides for protection against sexual harassment of women at workplace and redressal of such complaints through the active Internal Complaint Committee to redress any complaints received in timely and systematic manner

During the year under review, no such complaints were received.

The policy along with all other required details is placed on the notice board of the Company, the same can be accessed at <https://kifshousing.com/governance-policies/>.

## **REGISTRAR & TRANSFER AGENT**

Your Company has appointed M/s. NSDL Database Management Limited as the Registrar and Share Transfer Agent.

## **CODE OF CONDUCT**

The Board has laid down a Code of Conduct for all the Board members and designated employees of the Company. The Code of Conduct is posted on the website of the Company at <https://kifshousing.com/governance-policies/>.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT FLOW**

### **CONSERVATION OF ENERGY**

The Company's operations call for nominal energy consumption cost and there are no major areas where conservation measures could be applied on. However, the Company is making continuous efforts to conserve energy and optimize energy consumption practicable by economizing the use of power.

### **TECHNOLOGY ABSORPTION**

Since the Company is engaged in financial services activities, it does not require adoption of specific technology and hence technology absorption is not applicable to the Company.

### **FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

- a) Foreign Exchange earnings – NIL
- b) Foreign Exchange outgo – 0.52 Crore

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board acknowledges its responsibility for ensuring compliance with the provisions of Section 134(1)© read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended March 31, 2023 and states that-

- (i) In the preparation of the annual financial statements for the financial year ended March 31, 2023, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- (ii) Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have ensured preparation of annual accounts on a going concern basis;
- (v) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of March 31, 2023 and have found them to be adequate and
- (vi) The Directors have revised and reviewed proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **SANCTIONS**

Loans Sanctioned during the year were Rs. 392.29 Crores as against Rs. 209.23 Crores in the previous year. Cumulative Sanction as on March 31, 2023 was Rs. 1338.50 Crores as against Rs. 946.21 Crores in the previous year.

## **DISBURSEMENTS**

Loan Disbursement during the year was Rs. 240.61 Crores as against Rs. 134.52 Crores in the previous year. Cumulative Disbursements as on March 31, 2023 were Rs. 986.08 Crores as against Rs. 745.47 Crores in the previous year.

## **ASSETS UNDER MANAGEMENT (AUM)**

As on March 31, 2023, Company had Home Loan & LAPAUM Rs. 601.12 Crores with a growing customer base of 8203.

## **NON-PERFORMING ASSETS (NPA)**

94 Loan accounts out of ~8203 loan accounts were (1.24% gross NPA) were identified as Non-Performing Assets as on March 31, 2023. As per region wise analysis, Maharashtra had 42 cases which is 0.60% of the portfolio, Gujarat had 22 cases which is 0.22%, Rajasthan had 7 cases which is 0.15% and Madhya Pradesh had 20 cases which is 0.23%, Delhi (NCR) had 3 cases which is 0.05% of the portfolio.



## COLLECTION/RECOVERY

KHFL has a Collection and Recovery team headed by the experienced team members. Collection in the low-income housing segment is quite challenging but highly important. The Company has a robust collection management in-house team and also entire sales team also behind the collection drive across all the regions, supervised by regional officers and the head office of the Company. The team manages the lifecycle of transactions and monitors the portfolio quality. KIFS's highly robust collection structure regularly monitors all the loan accounts - from the zero bucket accounts to 3rd bucket (collection of instalments in standard accounts) to NPAs. Company's internal process controls are set up whereby information on cheque bounces and returns are received on real-time-basis.

The Company is further streamlining this process through Collection mobilization to ensure unified approach and control on recovery. And if essential legal measures are taken against the defaulting customers with the help of the legal team who handles SARFAESI matters as well.

## PRADHAN MANTRIAWAS YOJANA (PMAY)

Pradhan Mantri Awas Yojana (PMAY) is an initiative by Government of India in which affordable housing is provided to the Urban poor. KIFS Housing had signed the MOU with the government of India for the Credit linked subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana for EWS, LIG and MIG segments. KIFS Housing been into affordable housing sector has successfully availed various schemes under the government initiative - CLSS, KIFS has been an active contributor to the scheme during the year and availed subsidy for customers under the scheme in order to reduce the burden of Home loan amount. During the financial year 2022-23 KIFS Housing has received the claims from the Institution of Rs. 30.27 crores for 1268 Cases.

Institution	Date	Amount (in Rs.)	Nos.
NHB - PMAY	05-04-2022	3,13,29,100	129
NHB - PMAY	01-11-2022	44,56,460	19
NHB - PMAY	22-12-2022	4,34,23,609	177
NHB - PMAY	06-01-2023	6,58,86,665	275
NHB - PMAY	22-02-2023	15,76,46,472	668
<b>Total</b>		<b>30,27,42,306</b>	<b>1268</b>

## WILFUL DEFAULTERS

Pursuant to the policy circular 74 and 83 by National Housing Bank, during the year Company has no willful defaulters/customers. With reference to policy circulars the Company is a member of four Credit information Company namely CIBIL Information Bureau (India) Limited, Equifax Credit Information Services Private Limited, CRIF High Mark Credit information Services Private Limited, Experian Credit Information Company of India Private Limited.

## GRIEVANCE REDRESSAL SYSTEM

The Company focuses on customer experience, we also strive to ensure transparency in our operations and communication. All customer complaints received across branches/ front channels are managed through a centralized complaints management system for tracking and timely resolution. We continue to take steps to ensure customer satisfaction.

The Company has a well-defined grievance handling mechanism. It ensures that the Redressal is not only prompt but satisfactory to the customer. For this the Redressal team is well trained and undergoes continuous coaching to ensure that they are not only clear in their Redressal but are also patient and sensitive with customers who may not be tech savvy and require extra support.

The Company has a Grievance Redressal Policy with escalation mechanism wherein complaints are escalated to the level of Branch heads, Head of Operations. Complaints forwarded by regulatory and supervisory authorities are tracked separately.

Disclosure of Complaints as required under Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs) is attached herewith as Annexure V

## REPORT ON LEGAL AND TECHNICAL RISK

The Company's primary function is to advance loans to customers by taking land or building as the primary security. Any legal defects in the underlying collateral may pose legal, financial and operational loss to the Company. The Company has high expertise and dedicated Operations team and is led by an experienced Head having significant experience in the retail asset and mortgages sector. KIFS has a robust process to undertake legal due diligence of the property documents involving in-house lawyers along with HOD's with expertise and experience of the sector. To ensure compliance with regional and local laws, detailed State-laws are studied and are placed in order to review and make note of the changes therein. The Company also engages subject matter consultants for independent due diligence in case of very specific regional matters and in some cases for cross valuation, end-to-end root cause and analysis. Legal opinions are taken and search for encumbrances are done through empanelled advocates.

## TOTAL BORROWINGS

### A. DEBENTURES

As on March 31, 2023, the Company's outstanding Non-Convertible Debentures (NCDs) stood at 37.50 Cr.

During the financial year under review, your Company has not issued any NCDs.

Below are details of existing NCD's-

Sr. No.	Name of the Debenture Holders	Quantity	Face value (Rs.)	Issue Price	Tenor	BSE Listing Date
1	Canara Bank	125	10,00,000/-	12.50 Crores	3 Years	August 17, 2020
2	Bank of Baroda	250	10,00,000/-	25.00 Crores	3 Years	September 14, 2020

During the financial year under review, your Company has redeemed following NCDs:

Sr. No.	Name of the Debenture Holders	Date of Redemption	No of NCDs	Face Value (per NCD in Rs)
1	Punjab National Bank	May 10, 2022	100	10,00,000

Your Company has been prompt and regular in making payment of principal and interest on the NCDs and the same has been reported to BSE Limited, the Trustees and Depositories. During the year under review, the NCDs were paid/redeemed by your Company on their respective due dates and there were no instances of any NCDs which have not been claimed by the investor or not paid by the Company after the date on which the NCDs became due for redemption. Hence, the amount of NCDs remaining unclaimed or unpaid beyond due date is Nil. The NCDs are listed on BSE Limited.

Disclosure under Chapter XI-Guidelines on Private Placement of Non-Convertible Debentures (NCDs) Of RBI Master Directions:

- (i) The total number of NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption: Nil
- (ii) The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in Paragraph (i) as aforesaid: Nil

### B. LOAN ASSETS

Loan Assets as at March 31, 2023 are of Rs. 601.12 Crores against Rs. 491.31 Crores as at March 31, 2022.

### C. REFINANCE FROM NATIONAL HOUSING BANK

During the year under, your Company has not received refinance from NHB.

### D. BANK TERM LOAN & OTHERS

KHFL received sanctions and Disbursements from various banks and financial institutions during the year.

Total loan received from Banks till in FY 22-23 amount to Rs. 95.00 Crores which included Rs. 25.00 Crores from the Capital Small Finance Bank, Rs. 20.00 Crores from CSB Bank, Rs. 20.00 Crores from Tata Capital Financial Services Limited, Rs. 15.00 Crores from Utkarsh Small Finance Bank Limited, Rs. 10.00 Crores from the Federal Bank Limited and 5.00 Crores from South Indian Bank Limited.



## CAPITAL ADEQUACY RATIO

As required under the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI dated February 17, 2021, every Housing Finance Company shall, maintain a minimum capital ratio on an ongoing basis consisting of Tier-I and Tier-II capital which shall not be less than 13% as on March 31, 2020, 14% as on March 31, 2021 and 15% as on March 31, 2022 and March 31, 2023.

The capital adequacy ratio maintained by your Company as at March 31, 2023 is **93.93%** as compared to 90.54% as on March 31, 2022, which is far above than the minimum required level of 15% as on March 31, 2023.

## CREDIT RATING

Following ratings are allotted to your Company for borrowings mentioned below:

Rating Agency	Instrument	Rating type	Amount	Rating(s) assigned
Acuite Ratings & Research Limited	Bank Loans	Long Term	292.50 Cr	#ACUITE A-/ Outlook: Stable
Acuite Ratings & Research Limited	Non-Convertible Debentures	Long Term	37.50 Cr	#ACUITE A-/ Outlook: Stable
Brickwork Ratings India Private Limited	Non-Convertible Debentures	Long Term	35.00 Cr	*BWR BBB+/ Outlook Stable

#External credit rating “A- STABLE” assigned to Non-convertible Debenture and Long term Bank facilities has been reviewed by Acuite on February 01, 2023.

\*External credit rating “BBB+ STABLE” assigned to Non-convertible has been reviewed by Brickworks on September 02, 2022.

## STATUTORY, REGULATORY AND OTHER COMPLIANCE

The Company has complied with the applicable statutory provisions including inter alia the Companies Act, 2013 and Rules made thereunder, the Income Tax Act, 1961, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and all other various circulars, notifications, directions and guidelines issued by NHB from time to time and all other laws as may be applicable to the Company. The Company has finalized its financial statements for the year under review as per the Accounting standards issued by Institute of Chartered Accountants of India.

## NOMINATION, REMUNERATION & EVALUATION POLICY

The Nomination and Remuneration Committee has formulated a policy on Nomination and Remuneration of Directors/KMP/Senior Management Personnel, following are the salient features of the Policy:

- Scope & functions
- Appointment Criteria for the Board and Other Employees/Composition of Board
- Nomination Process & Disqualifications
- Removal & Retirement
- Remuneration Criteria for the Board and the Employees
- Evaluation Criteria of the Board and the Employees

The detailed policy can be accessed at <https://kifshousing.com/governance-policies/>.

## INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

During the financial year under review, your Company adhered to all Internal Guidelines on Corporate Governance in accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI dated February 17, 2021, which lay down the Corporate Governance practices.

The policy on Internal Guidelines on Corporate Governance can be accessed at <https://kifshousing.com/governance-policies/>.

## HUMAN RESOURCES DEVELOPMENT

The Human Resource team of your Company continued to remain focused on five key measures to drive business outcomes, namely-building critical skills and competencies, strengthening the current and future leadership bench, incorporating organizational design and change management, driving digital business transformation and enhancing employee experience.

The pandemic by itself forced the Company to quickly pivot when it comes to organizational business goals and cost optimization making them one of the main priority during the year in order to effectively adapt to today's fast-changing conditions.

### **PROVISIONS NOT APPLICABLE**

- Disclosure under section 197(14) of the Companies Act, 2013 is not applicable as the Company does not have any Holding or Subsidiary Company
- Maintenance of cost records under the provisions of Section 148(1) of Companies Act, 2013 are not applicable.
- Pursuant to Rule 2A of the Companies (Specification of Definitions Details) Rules, 2014, public companies which have not listed their equity shares on a recognised stock exchange but have listed their non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, shall not be considered as listed company in terms of the Act. Hence, Section 197 (12) read with rules 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.
- The Ministry of Corporate Affairs (MCA) vide Companies (Amendment) Act, 2017 has amended the provisions of Section 92(3) of the Companies Act, 2013 with effective from 28th August 2020. Post the amendment, every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report. The requirement of annexing extract of annual return in Form MGT – 9 has been repealed.

Accordingly, the Annual Return in Form MGT-7 for the financial year ended March 31, 2023, shall be available on the website of the Company at <https://kifshousing.com/financial-reports/>.

### **GENERAL DISCLOSURES**

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to KIFS Housing. The employees have worked based on principles of honesty, integrity and fair play and this has helped KIFS Housing in maintaining its growth. The directors also wish to place on record their appreciation to shareholders, referral associates, National Housing Bank, the Reserve Bank of India, financial institutions, banks, auditors and such other entities/authorities for their continued support.

**For and on behalf of Board of Directors of KIFS Housing Finance Limited,**

sd/-

**Rajesh Khandwala**  
Chairman & Managing Director  
DIN: 00477673

sd/-

**Vimal Khandwala**  
( Chairman of CSR Committee)  
Managing Director  
DIN: 00477678

**Date: May 30, 2023**  
**Place: Mumbai**



# ANNEXURE - I

## FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

### **i. Details of contracts or arrangements or transactions not at arm's length basis**

(a) Name (s) of the related party and nature of relationship	KIFS International LLP
(b) Nature of contracts/ arrangements/ transactions	Usage of property at Vadodara for Branch Office of the Company for the business and operation purpose.
(c) Duration of the contracts/ arrangements/ transactions	Continuing and Ongoing
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e) Justification for entering into such contracts or arrangements or transactions	The rent was waived by KIFS International LLP considering that KIFS Housing Finance Limited is a group entity
(f) Date(s) of approval by the Board, if any	June 03, 2021
(g) Amount paid as advances, if any	NA
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

### **ii. Details of contracts or arrangements or transactions not at arm's length basis**

(a) Name (s) of the related party and nature of relationship	KIFS Trade Capital Private Limited
(b) Nature of contracts/ arrangements/ transactions	Usage of property at Mumbai (Corporate Office) of the Company for the business and operation purpose.
(c) Duration of the contracts/ arrangements/ transactions	Continuing and Ongoing
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e) Justification for entering into such contracts or arrangements or transactions	The rent was waived by KIFS Trade Capital Private Limited considering that KIFS Housing Finance Limited is a group entity
(f) Date(s) of approval by the Board, if any	June 03, 2021
(g) Amount paid as advances, if any	NA
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

### iii. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name (s) of the related party and nature of relationship	KIFS International LLP
(b) Nature of contracts/ arrangements/ transactions	Usage of property at Ahmedabad for Registered Office of the Company for the business and operation purpose.
(c) Duration of the contracts/ arrangements/ transactions	Continuing and Ongoing
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e) Justification for entering into such contracts or arrangements or transactions	The rent was waived by KIFS International LLP considering that KIFS Housing Finance Limited is a group entity
(f) Date(s) of approval by the Board, if any	June 03, 2021
(g) Amount paid as advances, if any	NA
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.	NA

### iv. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name (s) of the related party and nature of relationship	KIFS Realty LLP
(b) Nature of contracts/ arrangements/ transactions	Usage of property at Ahmedabad for Registered Office of the Company for the business and operation purpose.
(c) Duration of the contracts/ arrangements/ transactions	<del>Continuing and Ongoing</del>
(d) Salient terms of the contracts or arrangements or transactions including the value, if any.	NA
(e) Justification for entering into such contracts or arrangements or transactions	The rent was waived by KIFS Realty LLP considering that KIFS Housing Finance Limited is a group entity.
(f) Date(s) of approval by the Board, if any	May 30, 2023
(g) Amount paid as advances, if any	NA
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

### v. Details of contracts or arrangements or transactions at arm's length basis

(a) Name (s) of the related party and nature of relationship	KIFS Trade Capital Private Limited
(b) Nature of contracts/ arrangements/ transactions	IT related services
(c) Duration of the contracts/ arrangements/ transactions	Continuing and Ongoing
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	NA
(e) Justification for entering into such contracts or arrangements or transactions	The fee was waived by KIFS Trade Capital Private Limited since KIFS Housing Finance Limited is a group entity.
(f) Date(s) of approval by the Board, if any:	June 03, 2021
(g) Amount paid as advances, if any:	NA
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA



**vi. Details of contracts or arrangements or transactions at arm's length basis**

(a) Name (s) of the related party and nature of relationship	KIFS Trade Capital Private Limited
(b) Nature of contracts/ arrangements/ transactions	Acting as Broker for investment in Mutual Fund
(c) Duration of the contracts/ arrangements/ transactions	Continuing and Ongoing
(d) Justification for entering into such contracts or arrangements or transactions	As per the Engagement agreement
(e) Date(s) of approval by the Board, if any:	June 03, 2021
(f) Amount paid as advances, if any:	NIL
(g) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

**vii. Details of contracts or arrangements or transactions at arm's length basis**

(a) Name (s) of the related party and nature of relationship	Khandwala Finstock Private Limited
(b) Nature of contracts/ arrangements/ transactions	Inter – Corporate Deposits
(c) Duration of the contracts/ arrangements/ transactions	Repayable within 1 year from the date of disbursement of the facility.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	As per the ICD agreement
(e) Date(s) of approval by the Board, if any:	November 11, 2022
(f) Amount paid as advances, if any:	NIL
(g) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	NA

## ANNEXURE-II

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

#### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY.

The Company's Act, 2013 ("Act") has made it compulsory for Companies to carry out Corporate Society Responsibility Activities. The Government of India, on February 27, 2014, notified provisions and corresponding Rules pertaining to CSR. Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. KIFS is committed to remain a responsible corporate entity mindful of its social responsibilities and to make a positive impact in the society.

The CSR Policy applies to the formulation, execution, monitoring, evaluation, and documentation of CSR activities in the target locations, in and around the Company's office.

#### 2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of the Director	Designation/ Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1	Mr. Vimal Khandwala	Chairman/ Managing Director	2	2
2	Mr. Rajesh Khandwala	Member/ Chairman and Managing Director	2	2
3	*Mr. Padmanabh Vora	Member/ Independent Director	2	1
4	**Mr. Satish Mehta	Member/ Independent Director	2	0

\* ceased to be a Member with effect from August 05, 2022.

\*\* appointed as a Member with effect from February 07, 2023.

3. Web - link for composition of CSR Committee, CSR policy and CSR projects disclosed on the website: [https://kifshousing.com/2022/05/CSR%20Policy\\_June%2003-21.pdf](https://kifshousing.com/2022/05/CSR%20Policy_June%2003-21.pdf)

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable: Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial year (in Rs.)	Amount required to be set – off for the financial year, if any (in Rs.)
1	2022-2023	NIL	NIL

6. Average net profit of the Company as per section 135(5) : Rs. 19,77,79, 971.26/-

7. (a) Two percent of average net profit of the Company as per section 135(5) : Rs. 39, 55, 599/- (Company has spent amount of Rs. 40,00,000/- as against 2% of average profit i.e. Rs. 39, 55, 599/-).

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b+7c): Rs. 39, 55, 599/-



**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of transfer
Company has spent amount of Rs. 40,00,000/- as against 2% of average profit i.e. Rs. 39, 55, 599/-	NIL	NIL	NIL	NIL	NIL

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

1	2	3	4	5	6	7	8	9	10	11	
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration No
1	Not Applicable as there are no ongoing projects for the financial year										

**(c). Details of CSR amount spent against other than ongoing projects for the financial year:**

1	2	3	4	5		7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration No
1	Treatment of Cancer Patients	promoting health care including preventive health care	Yes	Maharashtra	Mumbai City	18,00,000/-	18,00,000/-	NIL	No	Tata Memorial Centre	CSR00001287
2	“The Hunger Free Palghar” - Govardhan Annakshetra	Eradicating hunger	Yes	Maharashtra	Mumbai City	12,00,000/-	12,00,000/-	NIL	No	International Society for Krishna Consciousness	CSR00005241
3	Supports complicated major surgeries performed on indigent patients in chennai	promoting health care including preventive health care	No	Tamil Nadu	Chennai	10,00,000/-	10,00,000/-	NIL	No	Sankara Nethralaya (unit of Medical Research Foundation)	CSR00002623



(d) Amount spent in Administrative Overheads: None

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 40,00,000/-

(g) Excess amount for set off, if any

Sr. No	Particulars	Amounts (in Rs.)
1	Two percent of average net profit of the Company as per section 135(5)	39, 55, 599/-
2	Total amount spent for the Financial Year	40,00,000/-
3	Excess amount spent for the financial year [(ii)-(i)]	44,401/-
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
				NIL			

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

Sr. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing
1					NIL			

**10.** In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **None**

a) Date of creation or acquisition of the capital asset(s): **Nil**

b) Amount of CSR spent for creation or acquisition of capital asset: **Nil**

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **Nil**

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Nil**

**11.** Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): **None**

**For KIFS Housing Finance Limited,**

sd/-

**Rajesh Khandwala**

Chairman & Managing Director  
DIN: 00477673

sd/-

**Vimal Khandwala**

(Chairman of CSR Committee)  
Managing Director  
DIN: 00477668

**Date: May 30, 2023**

**Place: Mumbai**



## ANNEXURE III

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDIAN ECONOMIC REVIEW-INDIAN ECONOMY CONTINUES TO SHOW RESILIENCE AMID GLOBAL UNCERTAINTIES

India's growth continues to be resilient despite some signs of moderation in growth, says the World Bank in its latest India Development Update, the World Bank India's biannual flagship publication.

The World Bank's Update notes that although significant challenges remain in the global environment, India was one of the fastest growing economies in the world. The overall growth remains robust and is estimated to be 6.9 percent for the full year with real GDP growing 7.7 percent year-on-year during the first three quarters of fiscal year 2022/23. There were some signs of moderation in the second half of FY 22/23. Growth was underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners. Inflation remained high, averaging around 6.7 percent in FY22/23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

The World Bank has a GDP forecast of 6.3 percent for the year 23/24. Growth is expected to be constrained by slower consumption growth and challenging external conditions. Rising borrowing costs and slower income growth will weigh on private consumption growth, and government consumption is projected to grow at a slower pace due to the withdrawal of pandemic-related fiscal support measures.

As per World Bank central government is likely to meet its fiscal deficit target of 5.9 percent of GDP in FY23/24 and combined with consolidation in state government deficits, the general government deficit is also projected to decline. As a result, the debt-to-GDP ratio is projected to stabilize. On the external front, the current account deficit is projected to narrow to 2.1 percent of GDP from an estimated 3 percent in FY22/23 on the back of robust service exports and a narrowing merchandise trade deficit.

#### COVID-19 IMPACT ANALYSIS:

Limited job prospects and a drop in income during the pandemic resulted in a fall in housing, market as well as housing loan demand. In Q1 FY 2022, housing finance companies did not register any sequential growth in the on-book portfolio because the second wave of COVID-19 impacted their disbursements and collection efficiency (CE). The quality of assets also deteriorated across all segments during the pandemic. The segment for construction finance was affected the most, followed by loans against property and home loans, respectively. However, the demand improved slightly in FY 2022 in comparison to FY 2021. After the first wave of COVID-19, the residential housing market recovered significantly. This was primarily because of factors such as concessions on stamp duty in some states, discounts on premiums and developers' schemes, and low interest rates. At present, the prevalent inventory suggests that the market will continue to prosper and sales will continue to grow.

#### INDUSTRY OVERVIEW

In India, housing finance is offered by banks and housing finance companies (HFCs). Following the introduction of several economic reforms and a rise in demand for housing infrastructure across cities, globally renowned industrial houses are venturing into the housing market. At present, public and private sector banks, as well as foreign banks, are extending loans to prospective buyers. However, the market is dominated by HFCs.

The housing finance market is expected to expand at a compound annual growth rate (CAGR) of 20.58% during the FY 2022 – FY 2027 period. Increasing urbanization and affordable mortgage rates are the two key factors propelling the growth of the market. In 2021, the affordable housing segment made up 90% of the market in terms of volume and about 60% based on value. Millennials and young borrowers (below 36 years), with high disposable incomes and an increased need for urban accommodation, are potential consumers for home loans. They account for 27% of borrowers.

#### FINANCIAL PERFORMANCE OF KHFL

The Company's balance sheet stood at Rs. 656.82 Crores as at end of FY 2022-23. Total loan book stood at Rs. 601.12 Crores. The Company's revenues for the year ended March 31, 2023 were Rs. 80.08 Crores and profits for the year were Rs.13.44 Crores. Asset quality remained stable with Gross NPAs of 1.24% and Net NPAs of 0.89%. Total provisions stood at Rs. 10.26 Crores, almost 4 times the regulatory requirement and equivalent to a healthy 1.71% of loan book. The Company is also one of the best capitalized amongst peers with capital adequacy ratio of 93.93% on a standalone basis.

## OPERATIONAL HIGHLIGHTS

Despite challenging macro-economic conditions, the Company's focus on building a strong balance sheet through FY 2022-23 yielded results with augmented capital adequacy levels, stable asset quality, high provision buffers and comfortable liquidity on its balance sheet.

As at March 31, 2023, on a standalone basis, the product-wise break-up of loans was – housing loans 85% and non-housing loans 15%. The Company's asset quality is stable with a high provisioning buffer. Gross NPAs at the consolidated level were at 1.24% and Net NPAs at 0.89% of total loan assets managed. Total provision buffer of Rs. 10.26 Crores at a consolidated level, represents 1.71% of loan book.

## BRANCH NETWORK

Your Company had expanded its footprint with focus on affordable housing finance business, with a total of 82 branches and 1 office as on March 31, 2023.

## RESOURCE MOBILIZATION

### SHARE CAPITAL

Share Capital	Amount (in Rs.)
Authorized Share Capital (250,000,000 Equity Shares of Rs. 10 each) as on March 31, 2023	250,00,00,000
Issued, Subscribed and Paid - up Capital as on March 31, 2022 (249,986,452 Equity Shares of Rs. 10 each)	249,98,64,520

## BORROWED FUNDS

Total loan received from Banks & Others till FY 22-23 amounted to Rs. 95.00 Crores which included Rs. 25.00 Crores from the Capital Small Finance Bank, Rs. 20.00 Crores from CSB Bank, Rs. 20.00 Crores from Tata Capital Financial Services Limited, Rs. 15.00 Crores from Utkarsh Small Finance Bank Limited, Rs. 10.00 Crores from the Federal Bank Limited and 5.00 Crores from South Indian Bank Limited.

## CREDIT RATING

The Company has been assigned the following ratings:

Rating Agency	Instrument	Rating type	Amount	Rating(s) assigned
Acuite Ratings & Research Limited	Bank Loans	Long Term	292.50 crore	#ACUITE A-/ Outlook: Stable
Acuite Ratings & Research Limited	Non-Convertible Debentures	Long Term	37.50 crore	#ACUITE A-/ Outlook: Stable
Brickwork Ratings India Private Limited	Non-Convertible Debentures	Long Term	35.00 crore	*BWR BBB+/ Outlook Stable

#External credit rating “A- STABLE” assigned to Non-convertible Debenture and long term Bank facilities has been reviewed by Acuite on February 04, 2021.

\* External credit rating “BBB+ STABLE” assigned to Non-convertible Debentures has been reviewed by Brickworks on July 30, 2021. The balance amount of Rs.2.50 Crs has neither been raised nor shall be raised, hence the amount for rating of NCD was reduced to Rs. 35.00 Crs from Rs. 37.50 Crs.

## HUMAN RESOURCE

KHFL believes in providing a safe, inclusive and sustainable work environment for its employees. The Company is committed to acquiring and retaining talent, which plays a significant role in achieving its desired goals. The Company is focused on hiring the finest talent and providing its people with equal opportunities to enhance their professional growth by matching their ability, aspirations and drive. The Company's employee count stood at 476 as of March 31, 2023.



## **RBIREGULATORY UPDATE**

In order to align the regulatory framework for NBFCs keeping in view their changing risk profile as many entities have grown and become systemically significant, RBI implemented a revised regulatory framework for NBFCs with effective from October 01, 2022. The Regulatory structure for NBFCs comprises of four layers based on their size, activity, and perceived riskiness.

NBFCs in the lowest layer shall be known as NBFC - Base Layer (NBFC-BL). NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top Layer is ideally expected to be empty and will be known as NBFC - Top Layer (NBFC-TL).

KIFS Housing Finance Limited has been classified as a Middle Layer NBFC.

Key regulatory notifications under the SBR framework applicable to Middle Layer NBFC are as follows: -

- Disclosures in Financial Statements – Notes to Accounts of NBFCs.
- Compliance Function and Role of Chief Compliance Officer (CCO).
- Regulatory restrictions on Loans, Advances and Contracts to Directors & Senior Officers (including their relatives).
- Capital Requirements for NBFCs.
- Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs.
- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs).

## **ADHERENCE TO THE REGULATORY GUIDELINES**

The Company adheres to the Fair Practices Code (FPC) recommended by the regulator, the Reserve Bank of India (RBI) as well as the National Housing Bank (NHB), to promote good and fair practices by setting minimum standards in dealing with customers.

The Company is registered with the NHB as a Non-Deposit accepting Housing Finance Company. The Company has complied with and continues to comply with all applicable provisions of the Act, the National Housing Bank Act, 1987 and other applicable rules/regulations/guidelines, issued and amended from time to time.

The Company has complied with the NHB Directions, 2010 including Prudential Norms and as amended from time to time. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (INDAS).

KIFS Housing has complied with the guidelines issued by NHB regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, Grievance Redressal Mechanism, Valuation of properties, recovery of dues, channel partners and real estate and capital market exposures. KIFS Housing has no investment in excess of the limits prescribed by NHB with any one company or any single group of companies. KIFS Housing has not made investment in any of the promoter group companies during the year.

## **RISK MANAGEMENT**

With the challenging macroeconomic conditions and uncertainties, there are heightened risks faced by the Company which can be inherent or market - related risks. There has been a continuous focus on identifying, measuring and mitigating risks by the Company. As a housing finance company, the Company is exposed to various risks like credit risk, market risk (interest rate and currency risk), liquidity risk and operational risk (technology, employee, transaction and reputation risk). A key risk in the competitive home loans, and mortgage - backed funding in general, is losing customers that transfer out their loans for small gains in interest rates, this represents significant loss of opportunity to the Company given the long - term nature of mortgage loans. To identify and mitigate all these risks, the Company has an effective Risk Management Control Framework that has been developed encompassing all the above areas. The Company has a Risk Management Committee (RMC) in place that comprises of its Directors and Members of its Senior Management team, who have rich industry experience across domains. The RMC met quarterly during the year and kept an active watch on the emergent risks the Company was exposed to.

## **INTERNAL AUDIT CONTROL, INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY**

KIFS Housing has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. KIFS Housing has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct audits with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems which are further discussed with the management and appropriate measures and actions are taken

thereafter. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that-

- Pertaining to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

KIFS Housing has put in place adequate mechanisms to promote business sustainability and maintain a healthy work environment. It maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of its operating procedures, safeguard its assets, and financial controls that ensure transparency and accountability while complying with applicable laws and regulations. The efficacy of the internal control system is monitored by the internal auditors, working in tandem with external while taking adequate steps to increase employee satisfaction and engagement.

### **INFORMATION SYSTEM AUDIT**

In terms of the Information Technology Framework for HFCs dated 15 June 2018, HFCs are required to have an information system audit at least once in 2 years.

The objective of the IS Audit is to provide an insight on the effectiveness of controls that are in place to ensure confidentiality, integrity and availability of the organization's IT infrastructure.

IS Audit covers effectiveness of policy and oversight of IT systems, evaluating adequacy of processes and internal controls, recommends corrective action to address deficiencies and follow-up. IS Audit also evaluates the effectiveness of business continuity planning, disaster recovery set up and ensures that BCP is effectively implemented in the organization. It identify risks and methods to mitigate risk arising out of IT infrastructure such as server architecture, local and wide area networks, physical and information security, telecommunications etc.



# ANNEXURE IV

## DISCLOSURE AS TO REMUNERATION

The ratio of the remuneration of each director to the median remuneration of employees and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as follows:

Sr. No.	Requirements	Disclosures
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2022-23	Mr. Rajesh Khandwala, Chairman & Managing Director – Nil Mr. Vimal Khandwala, Managing Director - Nil Mr. Padmanabh Vora, Independent Director - Nil Ms. Bhavna Desai, Independent Director - Nil Mr. Kartik Mehta, Non- Executive Director - Nil Ms. Purvi Bhavsar, Non- Executive Director - Nil Mr. Satish Mehta, Independent Director – Nil Mr. Kushal Khandwala, Whole Time Director – Nil
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2022-2023	Mr. Rajesh Khandwala, Chairman & Managing Director – Nil Mr. Vimal Khandwala, Managing Director – Nil Mr. Padmanabh Vora, Independent Director – Nil Ms. Bhavna Desai, Independent Director – Nil Mr. Kartik Mehta, Non - Executive Director – Nil Ms. Purvi Bhavsar, Non - Executive Director - Nil Mr. Satish Mehta, Independent Director – Nil Mr. Kushal Khandwala, Whole Time Director – Nil <b>Key Managerial Personnel other than Directors</b> Ms. Tejal Gala, Company Secretary – Nil (resigned with effect from August 10, 2022) *Mr. Vikki Soni, Chief Financial Officer – Nil (appointed with effect from July 18, 2022) *Ms. Samrudhi Shetty – Company Secretary – Nil (appointed as a Company Secretary with effect from March 20, 2023.)
3	The percentage increase/(decrease) in the median remuneration of employees in the financial year 2022-23	13%
4	The number of permanent employees on the rolls of the Company	476
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (2021-22) and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	13% The median percentage increase made in the salaries of employees other than the Key Managerial Personnel was 13 % while the median increase in the salaries of the Key Managerial Personnel was 14.34%. The increase in the remuneration is in line with the Company’s performance appraisal process.
6	Affirmation that the remuneration is as per the Nomination and Remuneration Policy of the Company	It is hereby affirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.

Details of employee remuneration as required under the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. However, as per the second proviso to Section 136(1) of the Companies Act, 2013 and second proviso of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Report and Financial Statements are being sent to the Members of the Company excluding the said statement. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company at [secretarial@kifshousing.com](mailto:secretarial@kifshousing.com).

## CORPORATE GOVERNANCE REPORT

(Disclosure in Financial Statements –Notes to Accounts of NBFCs read with RBI Circular dated October 22, 2021 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs)

### 1. COMPOSITION OF THE BOARD:

Sr. No	Name of Directors	Directors Since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent)	DIN	No. of Board Meetings		No of other Directorship	Remuneration				No. of shares held in the HFC
					Held	Attended		Salary and Compensation	Sitting Fees	Commission	Others	
1.	Mr. Rajesh Parmanand Khandwala	November 16, 2015	Chairman & Managing Director (Executive)	00477673	8	8	6	0	0	0	0	0
2.	Mr. Vimal Parmanand Khandwala	November 16, 2015	Managing Director (Executive)	00477768	8	7	11	0	0	0	0	0
3.	Mr. Kushal Jayesh Khandwala	March 20, 2023	Whole Time Director (Additional Director) (Executive)	03345686	8	0	3	0	0	0	0	0
4.	Mr. Padmanabh Pundrikay Vora	March 04, 2016	Independent Director (Non-Executive)	00003192	8	2	0	0	70,000	0	0	0
5.	Mr. Satish Gordhan Mehta	November 30, 2022	Independent Director (Non-Executive)	00110640	8	2	5	0	30,000	0	*1,00,000	0
6.	Ms. Bhavna Govindbhai Desai	December 01, 2020	Independent Director (Non-Executive)	06893242	8	8	4	0	1,80,000	0	0	0
7.	Mr. Kartik Shailesh Mehta	March 04, 2016	Non-Executive Director	02083342	8	4	2	0	1,10,000	0	0	2,50,000
8.	Ms. Purvi Jayesh Bhavsar	March 04, 2016	Non-Executive Director	02102740	8	4	1	0	1,10,000	0	0	2,50,000

\* Mr. Satish Mehta was paid Rs. 1,00,000/- in capacity of chairman of Audit Committee.

During the financial year under review, the following changes took place in the Board of your Company:

1. Shri. Padmanabh Vora ceased to be an Independent Director with effect from August 05, 2022 due to his sad demise.
2. Shri. Satish Mehta was appointed as an Additional Director in the capacity of Independent Director with effect from November 30, 2022 and the said appointment was regularised by the Members of the Company at their Extra-Ordinary General Meeting ('EGM') held on November 30, 2022.
3. Shri. Kushal Jayesh Khandwala was appointed as an Additional Director in the capacity of Whole Time Director with effect from March 20, 2023 subject to the shareholders approval at the ensuing General Meeting.

#### **Details of change in composition of the Board during the current and previous financial year:**

The below are the changes which took place in the composition of the Board of the Company during the Current Financial Year viz., 2022-23 and during Previous Financial Year viz., 2021-22, the details of the same are provided below:

Sr.No.	Name of the Directors	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent)	Nature of change	Effective date
1.	Mr. Padmanabh Vora	Independent Director	Ceased to be an Independent Director of the Company due to his sad demise.	05/08/2022
2.	Mr. Satish Mehta	Independent Director	Appointed as an Independent Director of the Company	30/11/2022
3.	Mr. Kushal Khandwala	Whole Time Director (Additional Director) (Executive)	*Appointed as Whole Time Director of the Company	20/03/2023

\*Subject to the members approval at the ensuing General Meeting.

**Where an independent director resigns before expiry of his/ her term, the reasons for resignation as given by him/her shall be disclosed.**

No such instances during the Financial Year under review.

## **2. COMMITTEES OF THE BOARD AND THEIR COMPOSITION:**

The Board of the Company has established various committees, the names of which along with its members and summarized terms of reference is given below:

### **A. AUDIT COMMITTEE:**

In accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, the Board of the Company has constituted an Audit Committee. The Audit Committee of the Company as on March 31, 2023, comprised of 5 (five) directors of the Company, of whom 2 (two) are Independent Directors, 2 (two) are Non-Executive Directors and 1 (one) is Managing Director. 5 (Five) audit committee meetings were held during the financial year under review.

Below are the requisite details of the Audit Committee:

Sr. No.	Name of the Directors	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent)	No. of Meetings attended out of 5		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Satish Mehta	Nov 30, 2022	Independent Director (Non-Executive)	05	01	0
2.	Mr. Vimal Khandwala	Aug 06, 2018	Managing Director (Executive)	05	05	0
3.	Ms. Bhavna Desai	March 04, 2021	Independent Director (Non-Executive)	05	05	0
4.	Mr. Kartik Mehta	April 27, 2017	Non-Executive Director	05	03	2,50,000
5.	Ms. Purvi Bhavsar	April 27, 2017	Non-Executive Director	05	04	2,50,000



During the financial year under review, the following changes took place in the Audit Committee:

1. Shri. Padmanabh Vora ceased to be the Member (Chairman) of the Committee with effect from August 05, 2022.
2. Shri. Satish Mehta was inducted as a Member of the Committee with effect from November 30, 2022.

The summary of terms of reference of Audit Committee, inter alia, includes the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Reviewing and examining the financial statements and the auditors' report thereon before submission to the Board for approval;
- Recommending the quarterly, half yearly and yearly Financial Results to the Board;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Scrutiny of inter-corporate loans and investments of the Company;
- Evaluation of the internal financial controls and risk management systems of the Company;
- Approval or any subsequent modification of transactions of the Company with related parties including the omnibus approval for related parties transactions proposed to be entered into by the Company;
- Valuation of undertakings or assets of the Company, wherever it is necessary; and
- To perform such other functions as entrusted to it by the Board of the Company and by the law from time to time.

## **B. NOMINATION AND REMUNERATION COMMITTEE:**

In accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, the Board of the Company has constituted a Nomination and Remuneration Committee. The Nomination and Remuneration Committee of the Company as on March 31, 2023, comprised of 6 (six) directors of the Company, of whom two (2) are Non-Executive Directors, two (2) are Independent Directors and two (2) are Managing Directors. During the financial year under review four (4) NRC meetings were held.

**Below are the requisite details of the Nomination and Remuneration Committee:**

Sr. No.	Name of the Directors	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent)	No. of Meetings attended out of 4		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Satish Mehta	March 20, 2023	Independent Director (Non-Executive)	04	00	0
2.	Mr. Rajesh Khandwala	November 08, 2017	Chairman & Managing Director (Executive)	04	04	0
3.	Mr. Vimal Khandwala	November 08, 2017	Managing Director (Executive)	04	03	0
4.	Ms. Bhavna Desai	March 04, 2021	Independent Director (Non-Executive)	04	04	0
5.	Mr. Kartik Mehta	November 08, 2017	Non-Executive Director	04	02	2,50,000
6.	Ms. Purvi Bhavsar	October 16, 2019	Non-Executive Director	04	02	2,50,000

During the financial year under review, the following changes took place in the Nomination and Remuneration Committee of your Company:

1. Shri. Padmanabh Vora ceased to be the Member (Chairman) of the Committee with effect from August 05, 2022 due to his sad demise.
2. Shri. Satish Mehta was inducted as a Member of the Committee with effect from March 20, 2023.

The summary of terms of reference of NRC Committee, inter alia, includes the following:

- Identify persons who are qualified to become Directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Formulate the criteria for determining qualification, positive attribute and independence of a director;
- Specify manner for effective evaluation of performance of Individual Directors including Independent Directors, the Board and its Committees;

- To select and recommend from the Data Bank, if needed, Independent Directors to be appointed on the Board;
- To recommend the Board, the appointment and removal of Directors and Senior Management;
- To recommend the Board a policy relating to remuneration for Directors, Key Managerial Personnel and other employees;
- To devise a policy on Board diversity and succession planning;
- To review Nomination & Remuneration Policy, Fit & Proper Criteria Policy and such other Policies on annual (to be determined) basis and recommendation of modification, if any, to the Board;
- To implement and monitor the implementation of the ESOP Schemes of the Company;
- To grant and allot the ESOPs as per terms and conditions of the ESOP Schemes of the Company;
- To modify, alter, vary and/or cancel terms of ESOP Schemes of the Company;
- To perform such other functions as entrusted to it by the Board of the Company and by the law from time to time.

### C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, the Board of the Company has constituted a Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee of the Company as on March 31, 2023, comprised of 3 (three) directors of the Company, of whom 1 (one) is Independent Director and 2 (two) are Managing Directors. During the financial year under review 2 (two) CSR Committee meetings were held.

Below are the requisite details of the Corporate Social Responsibility Committee:

Sr. No.	Name of the Directors	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent	No. of Meetings attended out of 2		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Satish Mehta	February 07, 2023	Independent Director (Non-Executive)	02	00	0
2.	Mr. Rajesh Khandwala	February 10, 2020	Chairman & Managing Director (Executive)	02	02	0
3.	Mr. Vimal Khandwala	February 10, 2020	Managing Director (Executive)	02	02	0

During the financial year under review, the following changes took place in the Corporate Social Responsibility of your Company:

1. Shri. Padmanabh Vora ceased to be the Member of the Committee with effect from August 05, 2022.
2. Shri. Satish Mehta was inducted as a Member of the Committee with effect from February 07, 2023.

The summary of terms of reference of CSR Committee, inter alia, includes the following:

- Formulate and recommend to the Board for its consideration and approval, a CSR Policy for the Company, which shall indicate the activities to be undertaken by the company in areas or subject specified in Schedule VII;
- Recommend for the approval of the Board, programmes/ projects identified by the Committee to be undertaken during the financial year which are in line with the activities specified in Schedule VII and amount of expenditure to be incurred for each of the programmes/ projects;
- Monitor the Corporate Social Responsibility Policy of the company from time to time;
- Update the Board on the status of CSR programmes/ projects undertaken by the Company during the financial year and amount of expenditure incurred;
- Recommend to the Board, the Company's Annual Report on CSR Activities, for inclusion in the Report of the Board of Directors of the Company.
- Formulate and recommend to the Board, an annual action plan for CSR activities of the Company; and
- Performing such other functions as entrusted to it by the Board of the Company and by the law from time to time.



#### D. BORROWING AND INVESTMENT COMMITTEE:

The Borrowing and Investment Committee of the Company as on March 31, 2023, comprised of 4 (four) directors of the Company, of whom 2 (two) are Managing Directors, 1 (one) is Independent Director and 1 (one) is Non-Executive Director. The Borrowing and Investment Committee held 7 (seven) meetings during the financial year under review.

Below are the requisite details of the Borrowing and Investment Committee:

Sr. No.	Name of the Directors	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent	No. of Meetings attended out of 7		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Satish Mehta	February 07, 2023	Independent Director (Non-Executive)	07	00	0
2.	Mr. Rajesh Khandwala	September 11, 2018	Chairman & Managing Director (Executive)	07	06	0
3.	Mr. Vimal Khandwala	September 14, 2017	Managing Director (Executive)	07	07	0
4.	Mr. Kartik Mehta	July 18, 2019	Non-Executive Director	07	02	2,50,000

During the financial year under review, the following changes took place in the Borrowing and Investment Committee:

1. Shri. Padmanabh Vora ceased to be the Member of the Committee with effect from August 05, 2022.
2. Shri. Satish Mehta was inducted as a Member of the Committee with effect from February 07, 2023.

The summary of terms of reference of Borrowing and Investment Committee, inter alia, includes the following:

- To borrow from banks / financial institutions / NBFCs / National Housing Bank within the overall limits of the Company;
- To secure the borrowings of the Company by way of mortgage or charge on all or any of the movable or immovable properties of the Company in favour of banks / financial institutions / NBFCs / National Housing Bank;
- To perform such other functions as entrusted to it by the Board of the Company and by the law from time to time.

#### E. ASSET LIABILITY MANAGEMENT COMMITTEE:

The Asset Liability Management Committee of the Company as on March 31, 2023, comprised of 6 (six) members, of whom 1 (one) is Independent Director, 2 (two) are Managing Directors and other 3 (three) members are officials of the Company. The ALM Committee held 4 (four) meetings during the financial year under review.

Below are the requisite details of the Asset Liability Management Committee:

Sr. No.	Name of the Directors / Member	Members of Committee since	Capacity (i.e. Executive / Non Executive/ Chairman/ Promoter / Nominee / Independent	No. of Meetings attended out of 4		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Satish Mehta	February 07, 2023	Independent Director (Non-Executive)	04	00	0
2.	Mr. Rajesh Khandwala	December 06, 2016	Chairman & Managing Director (Executive)	04	04	0
3.	Mr. Vimal Khandwala	December 06, 2016	Managing Director (Executive)	04	04	0
4.	Mr. Avinash Srivastava	August 10, 2022	Chief Operating Officer	04	04	0
5.	Mr. Vikki Soni	August 10, 2022	Chief Financial Officer	04	02	0
6.	Mr. Gundopant Salokhe	July 18, 2019	Chief Information and Technology Officer	04	04	0

During the financial year under review, the following changes took place in the Asset Liability Management Committee:

1. Shri. Padmanabh Vora ceased to be the Member of the Committee with effect from August 05, 2022.
2. Shri. Satish Mehta was inducted as a Member of the Committee with effect from February 07, 2023.
3. Shri. Vikki Soni was inducted as a Member of the Committee with effect from August 10, 2022.



The summary of terms of reference of Asset Liability Management Committee, inter alia, includes the following:

- To review Liquidity and Funding risks
- To assess the liquidity levels and the adequacy of liquid funds in relation to Company's Plan.
- To review Year-to-date operating results and liquidity position (current and prospective) and monitor alternative funding arrangement.
- To receive and review the structural Liquidity Report (SLR), Interest Rate Sensitivity Report (IRS), Dynamic Liquidity Report and Review mismatches in the Asset and Liabilities (including off-balance sheet positions)
- To anticipate loan demands and the funding needs.
- To review Spreads and the internal cost of funds (recent pricing)
- To review the Capital levels (risk based and total) to determine sufficiency in relation to: expected growth, interest rate risk, price risk, and asset mix/quality.
- To review Borrowing Mix and Fixed Interest Borrowing and Fixed Interest Lending and Currency Risk, if any
- Develop the contingency liquidity plan.
- Review of Capital Adequacy Ratio and Debt to Equity Ratio.
- Profit planning and growth
- Review of RPLR.
- To review the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company; and
- To perform such other functions as entrusted to it by the Board of the Company and by the law from time to time.

#### **F. INFORMATION TECHNOLOGY STRATEGY COMMITTEE:**

The Information Technology Strategy Committee of the Company as on March 31, 2023, comprised of 6 (six) members, of whom 2 (two) are Independent Directors, 1 (One) is Managing Director and other 3 (three) members are officials of the Company. The Committee held 2 (two) meetings during the financial year under review.

Below are the requisite details of the Information Technology Strategy Committee :

Sr. No.	Name of the Directors / Member	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent	No. of Meetings attended out of 2		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Satish Mehta	March 20, 2023	Independent Director (Non-Executive)	02	00	0
2.	Mr. Vimal Khandwala	October 16, 2019	Managing Director (Executive)	02	02	0
3.	Ms. Bhavna Desai	November 11, 2022	Independent Director (Non-Executive)	02	01	0
4.	Mr. Avinash Srivastava	March 02, 2022	Chief Operating Officer	02	02	0
5.	Mr. Vikki Soni	November 11, 2022	Chief Financial Officer	02	01	0
6.	Mr. Gundopant Salokhe	July 18, 2019	Chief Information and Technology Officer	02	02	0

During the financial year under review, the following changes took place in the Information Technology Strategy Committee:

1. Shri. Padmanabh Vora ceased to be the Member (Chairman) of the Committee with effect from August 05, 2022.
2. Smt. Bhavna Desai was inducted as a Member (Chairperson) of the Committee with effect from November 11, 2022.
3. Shri. Satish Mehta was inducted as a Member (Chairman) of the Committee with effect from March 20, 2023.
4. Shri. Vikki Soni was inducted as a Member of the Committee with effect from November 11, 2022.

The summary of terms of reference of Information Technology Strategy Committee, inter alia, includes the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and those budgets are acceptable;

- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

#### G. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee of the Company as on March 31, 2023, comprised of 5 (five) members, of whom 1 (one) is Managing Director, 1 (One) is Independent Director and other 3 (three) members are officials of the Company. The Committee held 4 (four) meetings during the financial year under review

Below are the requisite details of the Risk Management Committee:

Sr. No.	Name of the Directors / Member	Members of Committee since	Capacity (i.e. Executive / NonExecutive / Chairman/ Promoter / Nominee/ Independent	No. of Meetings attended out of 4		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Vimal Khandwala	October 16, 2019	Managing Director (Executive)	04	04	0
2.	Mr. Satish Mehta	February 07, 2023	Independent Director (Non-Executive)	04	00	0
3.	Mr. Avinash Srivastava	September 29, 2021	Chief Operating Officer	04	04	0
4.	Mr. Vikki Soni	August 10, 2022	Chief Financial Officer	04	03	0
5.	Mr. Gundopant Salokhe	March 04, 2021	Chief Information and Technology Officer	04	04	0

During the financial year under review, the following changes took place in the Risk Management Committee:

1. Shri. Satish Mehta was inducted as a Member (Chairman) of the Committee with effect from February 07, 2023.
2. Shri. Vikki Soni was inducted as a Member of the Committee with effect from August 10, 2022.

The summary of terms of reference of Risk Management Committee, inter alia, includes the following:

- To oversee implementation of risk management framework across the Company.
- Oversee and recommend the risk management policies and procedures of the Company
- Review and recommend changes as needed to ensure that the Company has in place at all times a Risk Management policy which addresses the various types of risks.
- Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Company's business risks.

#### H. CUSTOMER GRIEVANCE REDRESSAL COMMITTEE

The Customer Grievance Redressal Committee of the Company as on March 31, 2023, comprised of 6 (Six) members, of whom 1 (one) is Managing Director, 1 (one) is Whole Time Director and other 4 (four) members are officials of the Company. The Committee held 4 (four) meetings during the financial year under review.

Below are the requisite details of the Customer Grievance Redressal Committee:

Sr. No.	Name of the Directors / Member	Members of Committee since	Capacity (i.e. Executive / NonExecutive / Chairman/ Promoter / Nominee/ Independent	No. of Meetings attended out of 4		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Vimal Khandwala	July 18, 2019	Managing Director (Executive)	04	04	0
2.	Mr. Kushal Khandwala	July 18, 2019	Whole Time Director (Executive)	04	04	0
3.	Mr. Avinash Srivastava	September 29, 2021	Chief Operating Officer	04	04	0
4.	Mr. Vikki Soni	August 10, 2022	Chief Financial Officer	04	03	0
5.	Mr. Gundopant Salokhe	July 18, 2019	Chief Information and Technology Officer	04	04	0
6.	Mr. Dharmendra Doshi	June 11, 2020	Authorised person - Operations	04	03	0

During the financial year under review, the following changes took place in the Customer Grievance Redressal Committee:

1. Shri. Vikki Soni was inducted as a Member of the Committee with effect from August 10, 2022.

The summary of terms of reference of Customer Grievance Redressal Committee, inter alia, includes the following:

- Periodically meet and review the position of complaints received and action taken on various complaints.
- Formulate standard responses and corrective actions to reduce the incidence of complaints.
- Evaluate feedback on quality of customer services are followed
- Ensure that all the regulatory instructions regarding customer services are followed.
- Review that all the regulatory instructions regarding customer services are followed.
- Review unresolved complaints/ grievances and offer their advice/ corrective actions.
- Monitor the type of Grievances/ Complaints received and corrective practices to reduce complaints.

## **I. WILFUL DEFAULTER IDENTIFICATION COMMITTEE**

The Wilful Defaulter Identification Committee of the Company as on March 31, 2023, comprised of 6 (six) members, of whom 2 (two) are Managing Directors, 1 (One) is Executive Director and other 3 (three) members are officials of the Company. The Committee held 4 (four) meetings during the financial year under review.

Below are the requisite details of the Wilful Defaulter Identification Committee:

Sr. No.	Name of the Directors / Member	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent	No. of Meetings attended out of 4		No. of shares held in the HFC
				Held	Attended	
1.	Mr. Vimal Khandwala	June 03, 2021	Managing Director (Executive)	04	04	0
2.	Mr. Rajesh Khandwala	June 03, 2021	Chairman & Managing Director (Executive)	04	04	0
3.	Mr. Kushal Khandwala	June 03, 2021	Whole Time Director (Executive)	04	04	0
4.	Mr. Avinash Srivastava	September 29, 2021	Chief Operating Officer	04	04	0
5.	Mr. Vikki Soni	August 10, 2022	Chief Financial Officer	04	03	0
6.	Mr. Harish Dwivedi	February 09, 2022	Senior Manager – Collection	04	04	0

During the financial year under review, the following changes took place in the Wilful Defaulter Identification Committee:

1. Shri. Vikki Soni was inducted as a Member of the Committee with effect from August 10, 2022.
2. Shri. Harish Dwivedi ceased to be the Member of the Committee with effect from April 17, 2023.

The summary of terms of reference of Wilful Defaulter Identification Committee, inter alia, includes the following:

- To review the order of the executive level committee that identifies accounts to be reported as willful default to comply with the regulatory guidelines

## **J. WILFUL DEFAULTER REVIEW COMMITTEE**

The Wilful Defaulter Review Committee of the Company as on March 31, 2023, comprised of 3 (Three) members, of whom 2 (Two) are Managing Directors and 1 (One) is an Independent Director of the Company. There were no meetings held during the financial year under review.

Below are the requisite details of the Wilful Defaulter Review Committee:



Sr. No.	Name of the Directors	Members of Committee since	Capacity (i.e. Executive/ Non Executive/ Chairman/ Promoter/ Nominee/ Independent	No Meetings were held in the F.Y. 2022 -2023	No. of shares held in the HFC
1.	Mr. Rajesh Khandwala	February 07, 2023	Chairman & Managing Director (Executive)	00	0
2.	Mr. Vimal Khandwala	February 07, 2023	Managing Director (Executive)	00	0
3.	Ms. Bhavna Desai	February 07, 2023	Independent Director (Non-Executive)	00	0

The summary of terms of reference of Wilful Defaulter Review Committee, inter alia, includes the following:

- To review the order passed by Wilful Defaulter Identification Committee declaring a borrower as a Wilful Defaulter and to further review the required actions to be taken.

### 3. GENERAL BODY MEETINGS:

Below are the details of the general meeting held during the financial year under review:

Sr. No.	Type of Meeting (Annual/Extra Ordinary)	Date and Place	Special Resolutions Passed
1.	Annual General Meeting	Date: August 10, 2022 Place: Corporate Office of the Company, situated at C - 902, Lotus Corporate Park, Graham Firth Compound, Western Express Highway, Goregaon (East), Mumbai – 400063	<ul style="list-style-type: none"> <li>To approve borrowing limits under Section 180(1)(c) of the Companies Act, 2013.</li> <li>To provide security by way of Pledge, Hypothecation, Mortgage, Lien and/or charge in such form or manner on all or any movable or immovable property of the Company under Section 180(1)(a).</li> <li>To consider and approve conversion of Loan into Equity under Section 62(3).</li> </ul>
2.	Extra Ordinary General Meeting	Date: November 30, 2022 Place: Corporate Office of the Company, situated at C - 902, Lotus Corporate Park, Graham Firth Compound, Western Express Highway, Goregaon (East), Mumbai – 400063	No Special Resolution was passed

### 4. DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013:

The office of Whole-Time Company Secretary was filled after the prescribed period u/s 203(4) of the Companies Act, 2013.

### 5. DETAILS OF PENALTIES AND STRICTURES:

(a) The Bombay Stock Exchange (BSE) levied a fine of Rs. 29,500 for one day delay in filing for June 2022 Quarter filings under Regulation 50(1) and 60 (2) and Rs. 34,220/- for non - submission of intimation under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. However, the Company has submitted its clarification with respect to timely submission of intimation under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 along with the relevant supporting to the BSE and confirmation was awaited. As Company did not receive reply from BSE on their clarification, Company paid the fine of Rs.34,220/- on 7 th October, 2022 and requested BSE to adjust the said amount against future annual listing fees/charges upon BSE confirming the duly compliance of Regulation 54(2) by the Company.

(b) A penalty of Rs. 6,07,200/- was levied by Office of The Superintendent of Stamps, Gandhinagar, Gujarat vide order dated 16th March, 2023 for payment of less stamp duty on Debenture Trust Deed and various Deed of Hypothecation.

# ANNEXURE V

## DISCLOSURE OF COMPLAINTS

### 1. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No.	Particulars No	March 31, 2023	March 31, 2022
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	0	0
2	Number of complaints received during the year	56	68
3	Number of complaints disposed during the year	56	68
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year Maintainable complaints received by the NBFC from Office of Ombudsman	0	0
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	0	0
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	0	0
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	0	0
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

\*Ombudsman scheme is not applicable to the company for the year ended March 31, 2023.

### 2. Top five grounds of complaints received by the NBFCs from customer.

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the Year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Current Year</b>					
Foreclosure Related	0	13	160%	0	0
PMAY Related	0	10	-61.53%	0	0
EMI Related	0	6	-	0	0
Refund Related	0	4	-20%	0	0
Documents Retrieval	0	4	-	0	0
Others	0	19	20%	0	0
<b>Total</b>		<b>56</b>			
<b>Previous Year</b>					
PMAY Related	0	26	116.66%	0	2
Cheque Disbursement	0	10	-60%	0	3
Loan Cancellation Related	0	7	600%	0	3
Foreclosure Related	0	5	-	0	1
Refund Related	0	5	400%	0	0
Others	0	15	-48.27%	0	3
<b>Total</b>		<b>68</b>			

# ANNEXURE VI

## Form No. MR-3 SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2023

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
KIFS HOUSING FINANCE LIMITED  
6<sup>th</sup> Floor, KIFS Corporate House,  
Beside Hotel Planet Landmark,  
Near Ashok Vatika BRTS,  
Bodakdev, ISKON-Ambli Road,  
Ambli, Ahmedabad, Gujarat 380054.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIFS Housing Finance Limited(CIN: U65922GJ2015PLC085079) (hereinafter called 'the Company') for the Financial Year ended on 31<sup>st</sup> March, 2023(the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

1. The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder [Not Applicable during the Audit period]
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [Not Applicable during the Audit period]
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. [Applicable Limited to the extent of Listed Debt Securities];
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [Not Applicable during the Audit period];
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not Applicable during the Audit Period];
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client [Not Applicable during the Audit period];
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [Applicable Limited to the extent of Listed Debt Securities];



- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.[Not Applicable during the Audit period];
  - (g) The Securities and Exchange Board of India ( Delisting of Equity Shares ) Regulations, 2009 [Not Applicable during the Audit period];
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998[Not Applicable during the Audit period];
6. We further report that based on the information received and records maintained by the Company, in our opinion the Company has complied with the provisions of:
- (a) Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, issued by Reserve Bank of India.
  - (b) The National Housing Banking Act, 1987;
  - (c) The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.
  - (d) National Housing Bank Circulars, Notifications and guidelines as applicable.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

## 7. WE FURTHER REPORT THAT

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at shorter notice than seven days, prior consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company and at Committees were carried through on the basis of majority and views of the members are captured and recorded as part of the minutes.

### **We further report that –**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

## 8. WE FURTHER REPORT THAT DURING THE AUDIT PERIOD:

- (a) Mr. Vikki Soni was appointed as Chief Financial Officer of the Company w.e.f 18<sup>th</sup> July, 2022.
- (b) Mr. Padmanabh Pundrikray Vora ceased as an Independent Director w.e.f 5<sup>th</sup> August, 2022 due to his sad demise.
- (c) Mrs. Tejal Gala resigned from the post of Whole-Time Company Secretary w.e.f 10<sup>th</sup> August, 2022.
- (d) Mr. Satish Mehta (DIN:00110640) was appointed as an Independent Director of the Company for the period of 5 years with effect from 30<sup>th</sup> November, 2022 till 29<sup>th</sup> November, 2027.
- (e) Mr. Khusal Khandwala (DIN:03345686) was appointed as an Additonal Director – Whole Time Director of the Company for the period of 5 years effective from 20<sup>th</sup> March, 2023.
- (f) Ms.Samrudhi Shetty was appointed as a Whole - Time Company Secretary of the Company effective from 20<sup>th</sup> March, 2023.
- (g) The office of Whole - Time Company Secretary was filled after the prescribed period u/s 203(4) of the Companies Act, 2013.

- (h) The Company shifted its registered office to 6<sup>th</sup> Floor, KIFS Corporate House, Beside Hotel Planet Landmark, Near Ashok Vatika BRTS, Bodakdev, ISKON-Ambli Road, Ambli, Ahmedabad, Gujarat 380054.
- (i) The Bombay Stock Exchange (BSE) levied a fine of Rs. 29,500 for one day delay in filing for June 2022 Quarter filings under Regulation 50(1) and 60 (2) and Rs. 34,220/- for non - submission of intimation under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. However, the Company has submitted its clarification with respect to timely submission of intimation under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 along with the relevant supporting to the BSE and confirmation was awaited. As Company did not receive reply from BSE on their clarification, Company paid the fine of Rs.34,220/- on 7<sup>th</sup> October, 2022 and requested BSE to adjust the said amount against future annual listing fees/charges upon BSE confirming the duly compliance of Regulation 54(2) by the Company.
- (j) A penalty of Rs. 6,07,200/- was levied by Office of The Superintendent of Stamps, Gandhinagar, Gujarat vide order dated 16<sup>th</sup> March, 2023 for payment of less stamp duty on Debenture Trust Deed and various Deed of Hypothecation.

**FOR KIRAN DOSHI & CO**

Company Secretaries

sd/-

**KIRAN P. DOSHI**  
(Proprietor)

**CP.No. : 9890, ACS No.: 23985**  
**Peer Reviewed Firm: 1977/2022**  
**UDIN No.: A023985D000965156**

**Place: Mumbai**  
**Date: May 30, 2023.**

**Note: This report is to be read with our letter of even date which is annexed to this report as Annexure – 1 and forms an integral part of this report.**

### **Annexure I**

To  
The Members,  
KIFS HOUSING FINANCE LIMITED  
6<sup>th</sup> Floor, KIFS Corporate House,  
Beside Hotel Planet Landmark,  
Near Ashok Vatika BRTS,  
Bodakdev, ISKON-Ambli Road,  
Ambli, Ahmedabad, Gujarat 380054.

1. Our report of even date is to be read along with this letter. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

### **FOR KIRAN DOSHI & CO**

Company Secretaries

sd/-

**KIRAN P. DOSHI**  
(Proprietor)

**CP. No. : 9890, ACS No.: 23985**  
**Peer Reviewed Firm: 1977/2022**  
**UDIN No.: A023985D000965156**

**Place: Mumbai**  
**Date: May 30,2023**



## INDEPENDENT AUDITOR'S REPORT

### Report on Compliance with the Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021

To  
**The Board of Directors of  
KIFS HOUSING FINANCE LIMITED**

#### BACKGROUND

Pursuant to the Non-Banking Financial Company - Housing Finance Company(Reserve Bank) Directions, 2021 (“the Directions”) which became effective from February 17, 2021, we have examined the matters specified in the Paragraph 70 of the said directions in respect of KIFS Housing Finance Limited (the “Company”) for the year ended 31<sup>st</sup> March 2023.

#### MANAGEMENT'S RESPONSIBILITY

The Management is responsible for the design and implementation of the internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. This responsibility also includes reporting non-compliances, if any, to the National Housing Bank (“the Bank”), Board of the Company and its Audit Committee.

#### AUDITORS' RESPONSIBILITY

Our responsibility is to report on the matters specified in Paragraph 70 of the Directions based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those involves performing procedures to obtain audit evidence about the compliance with the Directions. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the information and records, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's compliance with the Directions in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our report. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purpose by the Institute of Chartered Accountants of India.

#### CONCLUSION

Based on our examination of the books and records of the Company as produced for our examination and the information and explanations provided to us, we report that:

- (1) The Company had applied for registration as required under Section 29A of the National Housing Bank Act, 1987 and has been granted the certificate of registration dated October 27, 2016. In Financial Year 2019-20, the Company has been converted from private limited to public limited (through revised certificate of incorporation dated 24<sup>th</sup> February, 2020) and thus, it has applied to Reserve Bank of India for fresh certificate of registration vide their application letter dated 27<sup>th</sup> February, 2020. The fresh certificate of registration is received dated 12<sup>th</sup> August, 2020.
- (2) The Company is meeting the required Net Owned Fund as prescribed under Section 29A of the National Housing Bank Act, 1987.
- (3) The Company has complied with Section 29C of the National Housing Bank Act, 1987.
- (4) The total borrowings of the Company are within the limits prescribed under paragraph 27.2 of the Directions.
- (5) The Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in the balance sheet, investment in real estate, exposure to capital market, engagement of brokers and concentration of credit / investments as specified in the Directions.
- (6) The capital adequacy ratio as disclosed in the return submitted to the National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Directions.

- (7) The Company has furnished to the Bank within stipulated period the provisional schedule II return for the half year ended on 30<sup>th</sup> September, 2022 as specified in Directions. The Company has furnished provisional Schedule II return to the Bank for the half year ended on 31<sup>st</sup> March, 2023 as at the date of our report. However, final returns are yet to be filed as at date of our report.
- (8) The company is not required to file Schedule III returns as the same is not applicable.
- (9) The Company has complied with the requirements relating to opening of new branches / offices or closure of existing branches / offices as specified in the Directions.
- (10) The Company has not given any loans against security of shares, loans against security of single product (Gold / Jewellery) and loans against Company's own shares.
- (11) The Board of Directors of the Company has passed a resolution for non-acceptance of any public deposits.
- (12) The Company has not accepted any public deposits during the year ended and as at 31<sup>st</sup> March 2023.

### **RESTRICTION OF USE**

This report is issued pursuant to the requirement as per Paragraph 70 of the Directions and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

**For Manubhai & Shah LLP**

**Chartered Accountants**

FRN: 106041W/ W100136

**sd/-**

**CA. Laxminarayan Yekkali**  
**Partner**

Membership No.: 114753

Place: Mumbai

Date: 30<sup>th</sup> May, 2023

UDIN: 23114753BGWPLX7609

**To**  
**The Members of KIFS Housing Finance Limited**

**Report on the financial statements**

**OPINION**

We have audited the accompanying financial statements of **KIFS Housing Finance Limited** ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**BASIS FOR OPINION**

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred to as "SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below to be the Key Audit Matters to be communicated in our Report:

Sr. No.	Key Audit Matters	How was the matter addressed in our audit
1	<p><b><u>Impairment of Loans as at Balance Sheet Date (Expected Credit Losses):</u></b> <b><u>(Refer Note No. 7,39&amp; 60 to the financial statements)</u></b></p> <p>Ind AS 109 requires the Company to provide for impairment of its loans designated at amortised cost using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on loans receivable over their life, considering reasonable and supportable information about past events, current conditions and forecast of future economic conditions which could impact the credit quality of the Company's loan receivables.</p> <p>In the process, significant degree of judgment has been applied by the management for;</p>	<p>We have performed following audit procedures:</p> <p>(a) Assessed Company's accounting policies for impairment of loans and their compliance with Ind AS.</p> <p>(b) Evaluated reasonableness of management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</p> <p>(c) Assessed the criteria for staging of financial assets based on their past-due status to check compliance with the requirement of Ind AS 109. Tested a sample of stage 1 assets to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 and stage 3.</p>



Sr.No.	Key Audit Matters	How was the matter addressed in our audit
1	<p>(a) Staging of the loan receivable (i.e., classification in significant increase in credit risk (“SICR”) and default categories)</p> <p>(b) Grouping of borrowers based on category of loans.</p> <p>(c) Estimation of life of loans under various stages for each category, recoverable amounts in case of defaults etc.</p> <p>(d) Determining macro-economic factors impacting the credit quality of loans</p> <p>(e) Estimation of losses for loans receivable with no / minimal historical defaults.</p> <p>(f) Determination of whether restructuring of principal / interest to a borrower under regulatory directions resulting in restructuring conclusion under Ind AS is subject to interpretation / judgment.</p> <p>(g) Determination of probability of defaults (PD) and loss given defaults (LGD) based on the default history of loans, subsequent recoveries made and other relevant factors and</p> <p>(h) Assessment of qualitative factors having an impact on the credit risk.</p> <p>Since the loan receivable form major portion of Company's assets and due to the significance of judgments used in classifying loans into various stages as stipulated in Ind AS 109 and determining related impairment provision requirements this is considered to be area of key focus of overall Company audit and thus a key audit matter.</p>	<p>(d) Tested the ECL model, including assumptions and underlying computation. Assessed the floor / minimum rates of provisioning applied by the Company for loans receivable with inadequate historical defaults.</p> <p>(e) Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of factors caused by Covid-19.</p> <p>Tested a sample of exposures, the appropriateness of determining exposure at default (“EAD”), calculation of probability of default (“PD”) and Loss given default (“LGD”) in calculation.</p>

### Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financials Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraphs 3 and 4 of the order, to the extent applicable.

2) As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 01<sup>st</sup> April 2023, taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in "**Annexure B**";

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 35 to the financial statement.

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There are no such amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under h (iv) (a) and (b) above, contain any material misstatement.

(v) During the current year, the Company has neither declared nor paid any dividend.



(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For Manubhai & Shah LLP**

**Chartered Accountants**

FRN: 106041W/ W100136

**sd/-**

**CA. Laxminarayan Yekkali**

**Partner**

Membership No.: 114753

Place: Mumbai

Date: 30<sup>th</sup> May, 2023

UDIN: 23114753BGWPLW4470

## ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) i. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets;  
 ii. The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Company has a program of verification to cover all items of property, plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In our opinion, and according to the information and explanations given to us, no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the Company does not have any immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in Property, Plant and Equipment.

(d) The company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate, from banks or financial institution on the basis of security of Loans. Based on our examination of the records of the Company, the quarterly returns/ statements filed by the Company with the said banks / financial institutions are in agreement with books of accounts maintained.

(iii) (a) The Company is primarily engaged in lending activities and hence reporting under clause 3(iii)(a), of the Order is not applicable to the Company.

(b) The Company being a Non-Banking Financial Company ('NBFC'), registered under RBI, Act 1934., in our opinion and according to the information and explanations given to us, the investments made, security given and the terms and condition of the grants of loans and advances in the nature of loans, during the year are prima facie not prejudicial to the interest of the Company. The Company has not provided any guarantees during the year.

(c) In respect of loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being NBFC, there are some cases during the year and as at March 31, 2023 wherein the amounts were overdue vis-a- vis stipulated terms.

(d) In respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount for more than ninety days as at March 31, 2023 except for the following cases:

Rs. in Lakhs

Number of Cases	Principal Amount overdue	Interest amount overdue	Total Amount due
94	743.87	102.46	846.33

According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery of the principal and interest.

(e) The Company is primarily engaged in lending activities and hence reporting under clause 3(iii)(e), of the Order is not applicable to the Company.

(f) Based on the information and explanations provided to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.

(iv) According to information and explanation given to us, the Company has not advanced loans or made investments in or provided guarantees or security to parties covered by section 185 and section 186 is not applicable to the Company. Hence reporting under paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of section 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified.

(vi) We are informed that maintenance of cost records prescribed by the Central Government of India under section 148(1) of the Act, is not applicable in respect of Company's business.

(vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable were in arrears as at 31<sup>st</sup> March 2023 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Service Tax, Sales Tax, Excise Duty, Custom Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues as at 31<sup>st</sup> March 2023 which have not been deposited on accounts of any disputes except as stated below:

Nature of Statute	Nature of Dues	Forum Where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. Lakh)
The Income Tax Act, 1961	Income Tax	CIT(A)	AY 2020-21	4.64
Gujarat Stamp Act, 1958	Stamp Duty (Including penalty)	Collector and Additional Superintendent of Stamps	FY 2020-21	22.84

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans and interest on loans from financial institution, bank, and dues to debenture holders.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the term loans obtained from banks during the year for the purposes for which they were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis do not seem to have used during the year for long term purposes.

(e) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, reporting requirements of clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, reporting requirements of clause 3 (ix)(f) of the Order is not applicable to the Company.

(x) (a) In our opinion, and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



(xi) (a) To the best of our knowledge, no material fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the Management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report

(c) As represented by the management, there are no whistle blower complaints received by the company during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting as per clause 3 (xii) of the Order is not required.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

(xiv) (a) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company, in determining nature, timing and extent of our audit procedure.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, reporting as per clause 3(xv) of the Order is not required.

(xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence reporting requirement of clause 3(xvi) (a) of the Order is not applicable to the Company.

(b) The Company is a registered Housing Finance Company (HFC) and holds a valid Certificate of Registration from National Housing Bank and hence reporting under clause 3(xvi) (b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under clause 3(xvi) (c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, there is no CIC in the group.

(xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xvii) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.

(b) According to the information and explanation given to us, no amount is remaining unspent towards Corporate Social Responsibility (CSR) ongoing project, which was required to be transferred to special account in compliance with provision of sub-section (6) of Section 135 of the said Act.

**Manubhai & Shah LLP**  
**Chartered Accountants**  
FRN: 106041W/ W100136

sd/-

**CA. Laxminarayan Yekkali**  
**Partner**  
Membership No.: 114753  
Place: Mumbai  
Date: 30<sup>th</sup> May, 2023  
UDIN: 23114753BGWPLW4470

## ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date,

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **KIFS Housing Finance Limited** (“the Company”) as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI (the “Guidance Note”) and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Manubhai & Shah LLP**

Chartered Accountants

FRN: 106041W/ W100136

**sd/-**

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### **CA. Laxminarayan Yekkali**

Partner

Membership No.: 114753

Place: Mumbai

Date: 30<sup>th</sup> May, 2023

UDIN: 23114753BGWPLW4470



# FINANCIAL STATEMENTS FOR THE FY 2022-2023

## Kifs Housing Finance Limited

Balance Sheet as at March 31, 2023

Rs. In Lakhs

Particulars	Note No.	As at	As at
		March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	4	88.90	19.35
(b) Bank balance other than (a) above	5	4,747.48	4,045.79
(c) Derivative financial instruments		-	-
(d) Receivables			
(i) Trade receivables	6	-	-
(ii) Other receivables	6.1	19.86	3.88
(e) Loans	7	59,086.26	48,254.26
(f) Investments	8	-	7,799.03
(g) Other financial assets	9	149.32	125.44
<b>Total Financial Assets</b>		<b>64,091.82</b>	<b>60,247.75</b>
<b>(2) Non-Financial Assets</b>			
(a) Current tax assets (Net)		77.67	94.70
(b) Deferred tax assets (Net)		524.74	365.19
(c) Property, Plant and Equipment	10	831.48	893.45
(d) Other intangible assets	11	39.57	30.41
(e) Intangible assets under development	11.1	-	33.08
(f) Other non-financial assets	12	116.25	120.10
<b>Total Non-Financial Assets</b>		<b>1,589.71</b>	<b>1,536.93</b>
<b>Total Assets</b>		<b>65,681.53</b>	<b>61784.68</b>

## LIABILITIES AND EQUITY

### LIABILITIES

<b>(1) Financial liabilities</b>			
(a) Payables			
Trade Payables	13		
i) Total outstanding dues to micro enterprises and small enterprises		3.89	1.03
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises		394.34	183.71
Other Payables	13.1		
i) Total outstanding dues to micro enterprises and small enterprises		-	-
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises		-	4.29

(b) Debt securities	14	2,079.01	3,899.55
(c) Borrowings (other than debt securities)	15	25,946.59	22,850.93
(d) Subordinated liabilities		-	-
(e) Other financial liabilities	16	5,435.63	4,522.40
<b>Total Financial Liabilities</b>		<b>33,859.46</b>	<b>31,461.91</b>
<b>(2) Non-Financial Liabilities</b>			
(a) Provisions	17	124.88	98.13
(b) Other non - financial liabilities	18	484.42	374.82
<b>Total Non-Financial Liabilities</b>		<b>609.30</b>	<b>472.95</b>
<b>(3) Equity</b>			
(a) Equity share capital	19	24,998.65	24,998.65
(b) Other equity	20	6,214.12	4851.17
<b>Total Equity</b>		<b>31,212.77</b>	<b>29,849.82</b>
<b>Total Liabilities and Equity</b>		<b>65,681.53</b>	<b>61,784.68</b>

The accompanying notes form an integral part of the Financial Statements 1 to 97

**As per our report of even date  
For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136**

**For and on behalf of the Board of Directors of  
KIFS Housing Finance Limited**

sd/-  
**CA. Laxminarayan P. Yekkali**  
Partner  
M. No. 114753

sd/-  
**Rajesh P. Khandwala**  
Chairman and Managing Director  
DIN: 00477673

sd/-  
**Vimal P. Khandwala**  
Managing Director  
DIN: 0047768

sd/-  
**Vikki Vijay Soni**  
Chief Financial Officer  
PAN - BRLPS7392J

sd/-  
**Samrudhi Satish Shetty**  
Company Secretary  
M. No. ACS-63985

**Place: Mumbai  
Date: May 30, 2023**

**Place: Mumbai  
Date: May 30, 2023**

**Kifs Housing Finance Limited**  
**Statement of Profit and Loss for the year ended March 31, 2023**

Rs. In Lakhs

Particulars	Note No.	For the year ended	For the year ended
		2022-2023	2021-2022
<b>Revenue from operations</b>			
(I) Interest Income	21	7,328.62	5,761.19
(ii) Fees and commission income	22	121.33	67.73
(iii) Net gain on fair value changes	23	76.58	285.10
(iv) Net gain on derecognition of financial instruments under amortised cost category		-	-
(v) Other operating revenue	24	481.00	421.19
<b>(I) Total Revenue from Operations</b>		<b>8,007.53</b>	<b>6,535.21</b>
<b>(II) Other Income</b>		-	-
<b>(III) Total Income (I + II)</b>		<b>8,007.53</b>	<b>6,535.21</b>
<b>Expenses :</b>			
(i) Finance cost	25	2,319.96	1,926.91
(ii) Impairment on financial instruments under amortised cost	26	149.02	526.19
(iii) Employee benefits expense	27	2,922.34	1,851.00
(iv) Depreciation and amortisation expenses	10,11	277.39	186.75
(v) Other expenses	28	682.45	424.98
<b>(IV) Total expenses</b>		<b>6,351.16</b>	<b>4,915.83</b>
<b>(V) Profit before tax (III - IV)</b>		<b>1,656.37</b>	<b>1,619.38</b>
<b>Tax Expense :</b>			
Current tax		467.36	397.69
(Excess) / Short provision of tax for earlier year		10.93	(2.10)
Deferred tax		(165.92)	(59.22)
<b>(VI) Total tax expense</b>		<b>312.37</b>	<b>336.37</b>
<b>(VII) Profit for the Year (V - VI)</b>		<b>1,344.00</b>	<b>1,283.01</b>
<b>(VIII) Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		25.33	29.84
Income tax expense on remeasurement of defined benefit plans		( 6.38)	( 7.51)
<b>Total Other Comprehensive Income</b>		<b>18.95</b>	<b>22.33</b>
<b>(IX) Total Comprehensive Income for the year (VII + VIII)</b>		<b>1,362.95</b>	<b>1,305.34</b>
<b>(X) Earning per Equity Share</b>	30		
Basic (Rs.)		0.54	0.51
Diluted (Rs.)		0.54	0.51

The accompanying notes form an integral part of the Financial Statements 1 to 97

As per our report of even date  
For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136  
sd/-

**CA. Laxminarayan P. Yekkali**  
Partner  
M. No. 114753

Place: Mumbai  
Date: May 30, 2023

For and on behalf of the Board of Directors of  
**KIFS Housing Finance Limited**

sd/-  
**Rajesh P. Khandwala**  
Chairman and Managing Director  
DIN: 00477673

sd/-  
**Vikki Vijay Soni**  
Chief Financial Officer  
PAN - BRLPS7392J

sd/-  
**Vimal P. Khandwala**  
Managing Director  
DIN: 00477768

sd/-  
**Samrudhi Satish Shetty**  
Company Secretary  
M. No. ACS-63985



**Kifs Housing Finance Limited**  
**Statement of Changes in Equity for the year ended March 31, 2023**

**A. EQUITY SHARE CAPITAL**

Rs. In Lakhs

Particulars	Balance as at 01 April 2022	Changes in Equity Share Capital due to Restatement (Ref Note no.79)	Restated balance as at 01 April 2022	Changes in Equity Share Capital during the current year	Balance as at 31 March 2023
Equity Share Capital	24,998.65	-	24,998.65	-	24,998.65

Note: Refer note no. 79 relating to share issue expenses

Rs. In Lakhs

Particulars	Balance as at 01 April 2021	Changes in Equity Share Capital due to Restatement (Ref Note no.79)	Restated balance as at 01 April 2021	Changes in Equity Share Capital during the current year	Balance as at 31 March 2022
Equity Share Capital	24,951.14	47.51	24,998.65	-	24,998.65

Note: Refer note no. 79 relating to share issue expenses

**B. OTHER EQUITY**

Rs. In Lakhs

Particulars	Reserves and Surplus		Items of OCI	Total
	Statutory reserve	Retained earnings	Other comprehensive income (OCI)	
<b>Balance as at April 1, 2021</b>	<b>1,010.18</b>	<b>2,535.66</b>	-	<b>3,545.85</b>
Profit for the year	-	1,283.01	-	1,283.01
Transfer from retained earnings	-	-	-	-
Transfer from retained earnings	297.55	(297.55)	-	-
Remeasurement benefit of defined benefit plans	-	22.33	-	22.33
<b>Balance as at March 31, 2022</b>	<b>1,307.73</b>	<b>3,543.44</b>	-	<b>4,851.17</b>
Profit for the year	-	1,344.00	-	1,344.00
Transfer from retained earnings	368.01	(368.01)	-	-
Remeasurement benefit of defined benefit plans	-	18.95	-	18.95
<b>Balance as at March 31, 2023</b>	<b>1,675.74</b>	<b>4,538.38</b>	-	<b>6,214.12</b>

# Note : Refer note no. 79 relating to Share issue expenses

**RETAINED EARNINGS**

This represents surplus in profit and loss account after appropriations.

**STATUTORY RESERVE**

As required by section 45-IC of RBI Act, 1934, the company maintains a reserve fund and transfers there in a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The company cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of reserve fund maintained under section 45-IC of RBI Act, 1934.

**OTHER COMPREHENSIVE INCOME - EMPLOYEE BENEFITS**

This represents remeasurement gain/(loss) on post employment benefit obligations.

The accompanying notes form an integral part of the Financial Statements (Note No. 1 to 97)

As per our report of even date  
For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136  
sd/-

For and on behalf of the Board of Directors of  
**KIFS Housing Finance Limited**

**CA. Laxminarayan P. Yekkali**  
Partner  
M. No. 114753

**Rajesh P. Khandwala**  
Chairman and Managing Director  
DIN: 00477673

**Vimal P. Khandwala**  
Managing Director  
DIN: 00477768

Place: Mumbai  
Date: May 30, 2023

sd/-  
**Vikki Vijay Soni**  
Chief Financial Officer  
PAN - BRLPS7392J

sd/-  
**Samrudhi Satish Shetty**  
Company Secretary  
M. No. ACS-63985

**Kifs Housing Finance Limited**  
**Cash Flow Statement for the year ended March 31,2023**

Rs. In Lakhs

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	1,656.37	1,619.38
<b>Adjustments for :</b>		
Depreciation and amortization	277.39	186.75
Net gain on fair value changes	(76.58)	(285.10)
Interest income on loans	(7,328.62)	(5,761.19)
Interest expenses on borrowings	2,319.96	1,926.91
Impairment on financial instruments	149.02	526.19
<b>Operating profit before working capital changes</b>	<b>(3,002.46)</b>	<b>(1,787.05)</b>
<b>Movement in working capital :</b>		
Increase/(decrease) in other financial liabilities	1,018.96	(730.24)
Increase/(decrease) in provisions	26.76	(16.21)
Increase/(decrease) in other non-financial liabilities	134.93	99.09
Increase/(decrease) in trade payables	209.20	(131.76)
(Increase)/decrease in trade receivables	(15.98)	99.84
(Increase)/decrease in loans	(10,871.13)	(4,361.33)
(Increase)/decrease in other financial assets	(23.89)	(28.69)
(Increase)/decrease in other non-financial assets	3.86	0.28
<b>Movement in working capital - total</b>	<b>(9,517.29)</b>	<b>(5,069.02)</b>
Interest income on loan received	7,218.72	5,735.03
Interest expenses on borrowings paid	(2,380.44)	(1,978.58)
<b>Cash generated from /(used in) operations</b>	<b>(7,681.47)</b>	<b>(3,099.62)</b>
Direct taxes paid (net of refunds)	(461.24)	(504.33)
<b>Net cash flow generated from / (used in) operating activities (A)</b>	<b>(8,142.71)</b>	<b>(3,603.95)</b>
<b>B. Cash flow from investing activities :</b>		
Purchase / Sale of PPE (Net)	(105.02)	(198.17)
Sale of Mutual Fund (Net)	7,875.61	3,899.70
Fixed Deposits matured / (placed) (Net)	(701.70)	(252.21)
<b>Net cash flow generated from / (used in) investing activities (B)</b>	<b>7,068.89</b>	<b>3,449.32</b>
<b>C. Cash flow from financing activities :</b>		
Repayment of Debt Securities	(1,820.54)	(815.93)
Repayment of Other Borrowings	(6,404.34)	(5,914.57)
Proceeds of Other Borrowings	9,500.00	7,000.00
Repayment of lease liabilities	(131.76)	(102.85)
<b>Net cash flow generated from / (used in) financing activities (C)</b>	<b>1,143.36</b>	<b>166.65</b>
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	69.55	12.03
Opening Balance of Cash and cash equivalents	19.35	7.32
<b>Closing Balance of Cash and cash equivalents</b>	<b>88.90</b>	<b>19.35</b>
<b>Notes:</b>		
<b>(i) Components of cash &amp; cash equivalents at the year ended 31 March 2023</b>	<b>March 31, 2023</b>	<b>March 31,2022</b>
Cash on hand		
Balance with banks in current accounts	5.54	6.80
Deposits with maturity less than 3 months	83.36	12.55
<b>Total</b>	<b>88.90</b>	<b>19.35</b>

(ii) Cash Flow Statement has been prepared using Indirect Method as per Ind AS 7.

(iii) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities are as below :

Rs. In Lakhs

	As at March 31, 2022	Cash flow	Fair Value Charges	Current / Non-Current Classification	As at March 31, 2023
<b>Borrowings - Non Current</b>	21,789.06	(2,173.12)	-	-	19,615.94
<b>Borrowings - Current</b>	8,254.57	4,352.97	-	-	12,607.54

The accompanying notes form an integral part of the Financial Statements (Note No. 1 to 97)

**As per our report of even date  
For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136**

**For and on behalf of the Board of Directors of  
KIFS Housing Finance Limited**

sd/-  
**CA. Laxminarayan P. Yekkali**  
Partner  
M. No. 114753

sd/-  
**Rajesh P. Khandwala**  
Chairman and Managing Director  
DIN: 00477673

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**Vimal P. Khandwala**  
Managing Director  
DIN: 00477768

sd/-  
**Vikki Vijay Soni**  
Chief Financial Officer  
PAN - BRLPS7392J

sd/-  
**Samrudhi Satish Shetty**  
Company Secretary  
M. No. ACS-63985

**Place: Mumbai  
Date: May 30, 2023**

**Place: Mumbai  
Date: May 30, 2023**



## 1. CORPORATE INFORMATION

KIFS Housing Finance Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company is a non-deposit taking Housing Finance Company registered with the National Housing Bank (NHB) and is governed by the regulatory framework for Housing Finance Companies (HFCs) as issued by Reserve Bank of India (RBI) and other directions, regulations and circulars issued by NHB. The Company's registered office is Regd. Office: 6th Floor, KIFS Corporate House, Beside Hotel Planet Landmark, Near Ashok Vatika BRTS, ISKON-Ambli, Ahmedabad, Gujarat-India. The principal place of business of the Company is at C-902, Lotus Corporate Park, Graham Firth Compound, Western Express Highway, Goregaon (East), Mumbai. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The Company also provides loans for specified purposes against the security of immovable property. The Board of Directors approved the financial statements on May 30, 2023.

## 2. BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 STATEMENT OF COMPLIANCE

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 and amendments issued thereafter and the provisions of the RBI on the historical cost basis except for certain financial instruments that are measured at fair values. The financial statements have been prepared on a going concern basis.

Effective April 1, 2020, the Company adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, 'First-time Adoption of Indian Accounting Standards', with April 1, 2019 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended (IGAAP).

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows is prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

The Company presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 29.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

### 2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The Company prepares its financial statements in Indian rupees (Rs) which is the functional and presentation currency. The Company presents its balance sheet in the order of liquidity. Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

### 2.3 BASIS OF MEASUREMENT

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3 – where unobservable inputs are used for the valuation of assets or liabilities.

## **2.4 USE OF ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are:

- Valuation of financial instruments
- Measurement of expected credit loss
- Provisions and contingencies
- Income tax and deferred tax
- Useful lives of property, plant and equipment and intangible assets
- Measurement of defined employee benefit obligations

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured, and there exists reasonable certainty of its recovery.

#### **3.1.1. INTEREST INCOME**

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR') applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Penal Interest/late payment interest and cheque bounce charges are recognized on receipt basis.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at Fair Value through Profit and Loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

The Company calculates interest income by applying EIR to gross carrying amount of financial assets other than credit-impaired assets. For credit impaired financial assets, the Company calculates interest income by applying the EIR to the amortized cost (i.e. gross carrying amount less allowance for expected credit losses) of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

#### **3.1.2 DIVIDEND**

Dividend income is recognised when the Company's right to receive the dividend is established.

#### **3.1.3 FEE AND COMMISSION INCOME**

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts/ agreement and when it is probable that the Company will collect the consideration.



### **3.1.4 OTHER INCOME**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

### **3.2 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. PPEs are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price (net of trade discounts and tax/duty credits availed) and directly attributable cost of bringing the asset to its working condition for its intended use. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

PPEs not ready for the intended use on reporting date are disclosed as “Capital work-in-progress”.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of PPE is determined as the difference between the sales proceeds and its carrying amount and is recognised in the statement of profit and loss.

### **3.3 INTANGIBLE ASSETS**

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the Company and the cost can be measured reliably. Intangible assets are stated at cost, less accumulated amortisation and impairment losses, if any. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on reporting date are disclosed as ‘Intangible Assets under Development’.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Any gain or loss arising on the disposal or retirement of intangible asset is determined as the difference between the sales proceeds and its carrying amount and is recognised in the statement of profit and loss.

### **3.4 DEPRECIATION AND AMORTIZATION**

Depreciation on PPE is recognised on straight-line basis over the useful life prescribed under Schedule II to the Companies Act, 2013. Depreciation for additions/deductions during the year is calculated pro-rata to the period of use. Assets costing up to ₹ 5000 each is depreciated fully in the year of purchase. The residual value and useful life and method of depreciation are reviewed at each financial year-end with the effect of changes recognised prospectively.

Improvements of immovable nature at the leasehold properties are depreciated over the initial lease period.

Intangible assets are amortized over the expected duration of benefit on a straight-line basis. Amortisation for additions/deductions during the year is calculated pro-rata to the period of use. Software cost related to computers is capitalized and amortised using the straight-line method over a period of three years. The residual value and useful life and method of amortisation are reviewed at each financial year-end with the effect of changes recognised prospectively.

### **3.5 IMPAIRMENT OF PPE/INTANGIBLE ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



### **3.6 CASH AND CASH EQUIVALENT**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **3.7 STATEMENT OF CASH FLOW**

Statement of Cash flows is reported using indirect method whereby profit for the period is adjusted for the effects of the transactions of non-cash items, such as depreciation, amortisation, provisions, unrealised gains and losses, any deferrals or accruals of past or future operating cash receipts and payments and items of income or expenses associated with investing and financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **3.8 EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

### **3.9 BORROWING COSTS**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost. The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

### **3.10 GOODS AND SERVICES INPUT TAX CREDIT**

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

### **3.11 INCOME TAXES**

#### **CURRENT TAX**

Current tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **DEFERRED TAX**

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## **3.12 EMPLOYEE BENEFITS**

### **SHORT-TERM EMPLOYEE BENEFITS**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits includes performance incentive and compensated absence that are expected to be settled wholly within 12 months after the end of the reporting period in which employees render the related service.

### **LONG-TERM EMPLOYEE BENEFITS**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

### **PROVIDENT FUND**

Retirement benefit in the form of provident fund is a defined contribution scheme. All employees of the Company are entitled to receive benefits under the Provident Fund. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

### **GRATUITY**

The costs of providing benefits under the plan is determined based on actuarial valuation at each year-end. Independent actuary using the projected unit credit method carries out valuation at the end of each reporting date. Re-measurement are recognised in other comprehensive income and is reclassified to profit or loss in a subsequent period. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

## **3.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and if the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **CONTINGENT LIABILITY**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### **CONTINGENT ASSET**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

## **3.14 COMMITMENTS**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) Loans sanctioned but not disbursed and undisbursed amount of sanctioned loans;
- a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) Uncalled liability on shares and other investments partly paid;
- d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.



### 3.15 SEGMENT REPORTING

The Company's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes. The Company operates with in India only. All other activities of the Company revolve around the main business. This in the context of 'Ind AS 108 – Operating Segments' reporting is considered to constitute one reportable segment.

### 3.16 FOREIGN CURRENCIES

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

### 3.17 LEASE

The Company has various lease arrangement for many assets including properties. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement of the lease, the Company recognises a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and low value leases. As a lessee, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset/site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing cost. Lease payments included in the measurement of the lease liability comprise the Fixed payments, including in-substance fixed payments. The lease liability is measured at amortised cost using the effective interest method.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets as part of PPE and lease liabilities as part of 'other financial liabilities' in the balance sheet.

### SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

For low-value assets and short-term leases, lease rentals are recognised in the statement of profit and loss on accrual basis.

### 3.18 FINANCIAL INSTRUMENTS

#### 3.18.1 RECOGNITION AND INITIAL MEASUREMENTS

Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Company recognises debt securities, deposits and borrowings when funds are received by the Company. The company recognizes all other financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs and revenue that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition. Transaction costs and revenue directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);



- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

### **3.18.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES**

#### **3.18.2.1 FINANCIAL ASSETS**

The Company classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through Other Comprehensive Income
- Fair Value through Profit and Loss

##### **3.18.2.1.1 AMORTIZED COST**

The Company classifies and measures Cash and Bank balances, Loans, Trade Receivable and other financial assets at amortised cost if

- these are held within a business model whose objective is to hold the asset in order to collect contractual cash flows and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest.

##### **3.18.2.1.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

##### **3.18.2.1.3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

Financial assets at FVTPL are

- Assets with contractual cash flows that are not SPPI; and/or
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the statement of profit and loss.

##### **3.18.2.1.4 BUSINESS MODEL TEST**

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassesses its business model at each reporting period to determine whether the business model has changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

##### **3.18.2.1.5 SOLELY PAYMENTS OF PRINCIPAL AND INTEREST ("SPPI") ON THE PRINCIPAL AMOUNT OUTSTANDING**

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that meet SPPI test. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

### **3.18.2.1.6 SUBSEQUENT MEASUREMENT AND GAIN AND LOSSES**

#### **FINANCIAL ASSETS AT AMORTISED COST**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

#### **DEBT INSTRUMENT AT FVOCI**

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

#### **EQUITY INSTRUMENT AT FVOCI**

Gains and losses on equity instruments at FVOCI are never recycled to the statement of profit and loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment. Profit or loss on sale of investments is determined on First in First out (FIFO) basis.

#### **FINANCIAL ASSETS AT FVTPL**

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss. Profit or loss on sale of investments is determined on First in First out (FIFO) basis.

### **3.18.2.1.7 RECLASSIFICATIONS**

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

### **3.18.2.2 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS**

The Company classifies these instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

#### **EQUITY**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the face value and proceeds received in excess of the face value are recognised as securities premium.

#### **FINANCIAL LIABILITIES**

The Company's borrowings include debentures, borrowings from banks, etc. Borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently measured at their amortised cost using the effective interest rate method.

### **3.18.3 IMPAIRMENT AND WRITE-OFF**

The Company recognises loss allowances for Expected Credit Losses (ECL) on the financial instruments that are not measured at FVTPL. ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Company has established policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments. The Company applies a three-stage approach to measure ECL.



## **STAGE 1: 12-MONTHS ECL**

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

## **STAGE 2: LIFETIME ECL – NOT CREDIT IMPAIRED**

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Exposures with DPD greater than 30 days but less than or equal to 90 days are classified as stage 2.

## **STAGE 3: LIFETIME ECL – CREDIT IMPAIRED**

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognized on principal outstanding as at period end. Exposures with DPD more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

## **METHODOLOGY FOR CALCULATING ECL**

The Company determines ECL based on a probability-weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

**Probability of default (PD)** - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

**Exposure at default (EAD)** - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

**Loss given default (LGD)** - It represents an estimate of the loss expected to be incurred when the event of default occurs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

ECL is recognized on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

**Quantitative test:** Accounts that are more than 30 days past due move to Stage 2 automatically. Accounts that are more than 90 days past due move to Stage 3 automatically.

**Reversal in Stages:** Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due.

The measurement of all expected credit losses for financial assets held at the reporting date are based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.



Considering the prudence, the Company recognizes impairment on financial asset on higher of the provision required as per the directions issued by Reserve Bank of India or using expected credit loss (ECL) model as prescribed in Ind AS for the financial assets which are not fair valued. The expected credit losses (ECLs) is recognized based on forward-looking information for all financial assets at amortized cost, no impairment loss is applicable on equity investments.

At the reporting date, an allowance is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognized for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

### **FORWARD LOOKING INFORMATION**

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the RBI, inflation, etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PG, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

### **WRITE OFF**

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

### **3.18.4 MODIFICATION AND DERECOGNITION OF FINANCIAL ASSETS**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness).

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

### **3.18.5 COLLATERAL VALUATION AND REPOSSESSION**

The Company physically repossess properties and engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

### **3.18.6 DERECOGNITION OF FINANCIAL LIABILITIES**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

### **3.19 OFF-SETTING**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the company currently has a legally enforceable right to offset the recognised amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

<b>Note no.</b>	<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>4</b>	<b>Cash and cash equivalents</b>		
4.1	<b>Cash on hand</b>	5.54	6.80
4.2	<b>Balances with banks</b>		
	In current accounts	83.36	12.55
	In term deposit accounts with original maturity of 3 months or less	-	-
		<b>83.36</b>	<b>12.55</b>
	<b>Total</b>	<b>88.90</b>	<b>19.35</b>
<b>5</b>	<b>Bank balance other than cash and cash equivalent</b>		
	Balance with banks in fixed deposits held as margin money (Refer Note 5.1)	4,747.48	4,045.79
	<b>Total</b>	<b>4,747.48</b>	<b>4,045.79</b>
5.1	Represents margin money placed against term loans from banks and others.		
<b>6</b>	<b>Trade Receivables</b>		
	Receivables considered good - Unsecured	-	-
	Less - Provision for expected credit loss	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
6.1	<b>Other Receivables</b>		
	Receivables considered good - Unsecured	19.86	3.88
	Less - Provision for expected credit loss	-	-
	<b>Total</b>	<b>19.86</b>	<b>3.88</b>

6.2 There are no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

**Kifs Housing Finance Limited**
**Notes to the Financial Statements for the year ended March 31, 2023**
**6.3 OTHER RECEIVABLES AGEING SCHEDULE**

Other Receivables (F.Y 2022-23)	Not Due	Outstanding for following periods from due date of Payment					Rs. In Lakhs
		Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Other Receivables - considered good	-	19.80	0.06	-	-	-	19.86
(ii) Undisputed Other Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Other Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Other Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Other Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Other Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>19.80</b>	<b>0.06</b>	-	-	-	<b>19.86</b>

Other Receivables (F.Y 2021-22)	Not Due	Outstanding for following periods from due date of Payment					Rs. In Lakhs
		Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Other Receivables - considered good	-	3.88	-	-	-	-	3.88
(ii) Undisputed Other Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Other Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Other Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Other Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Other Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>3.88</b>	-	-	-	-	<b>3.88</b>



**Kifs Housing Finance Limited**
**Notes to the Financial Statements for the year ended March 31, 2023**
**Rs. In Lakhs**

Note no.	Particulars	As at March 31, 2023	As at March 31, 2022
<b>7.</b>	<b>LOANS</b>		
	<b>At amortised cost</b>		
	Individual Loans	60,112.23	49,131.48
	Corporate bodies	-	-
	<b>Total - Gross (A)</b>	<b>60,112.23</b>	<b>49,131.48</b>
	Less: Impairment loss allowance (Expected Credit Loss)	(1,025.96)	(877.22)
	<b>Total - Net (A)</b>	<b>59,086.26</b>	<b>48,254.26</b>
	Secured by tangible assets	60,112.23	49,131.48
	Secured by intangible assets	-	-
	Covered by bank / Government gurantees	-	-
	Unsecured	-	-
	<b>Total (B) - Gross</b>	<b>60,112.23</b>	<b>49,131.48</b>
	Less: Impairment loss allowance (Expected Credit Loss)	(1,025.96)	(877.22)
	<b>Total (B) - Net</b>	<b>59,086.26</b>	<b>48,254.26</b>
	<b>Loans in India</b>		
	Public sector	-	-
	Other than public sector	60,112.23	49,131.48
	<b>Total (C - I) - Gross</b>	<b>60,112.23</b>	<b>49,131.48</b>
	Less: Impairment loss allowance (Expected Credit Loss)	(1,025.96)	(877.22)
	<b>Total (C - I) - Net</b>	<b>59,086.26</b>	<b>48,254.26</b>
	<b>Loans outside India (C - II)</b>	-	-
	<b>Total C (I+II)</b>	<b>59,086.26</b>	<b>48,254.26</b>

7.1 Lonas granted by the Company are secured by registered/equitable mortgage of property and non disposal undertakings in respect of life insurance policies.

**Rs. In Lakhs**

Note no.	Particulars	As at March 31, 2023	As at March 31, 2022
<b>8</b>	<b>Investments</b>		
	<b>A. Fair value through profit or loss</b>		
	Mutual funds	-	7,799.03
	<b>Total (A) - Gross</b>	-	<b>7,799.03</b>
	<b>B.</b>		
	Investments in India	-	7,799.03
	Investment outside India	-	-
	<b>Total (B) - Gross</b>	-	<b>7,799.03</b>
	Less: Allowance for impairment loss (C)	-	-
	<b>Total - Net D = (B) - (C)</b>	-	<b>7,799.03</b>

**Kifs Housing Finance Limited**
**Notes to the Financial Statements for the year ended March 31, 2023**
**Rs. In Lakhs**

Note no.	Particulars	As at March 31, 2023	As at March 31, 2022
<b>9.</b>	<b>Other financial assets</b>		
	Security Deposits	63.42	55.58
	Mutual fund redemption receivable	-	50.00
	Interest Accrued But Not Due on Fixed Deposits	44.06	15.86
	Advance to employee	41.84	4.00
	<b>Total</b>	<b>149.32</b>	<b>125.44</b>

**Rs. In Lakhs**

Note no.	Particulars	Leasehold improvements	Right of use - Assets	Computers	Furniture & Fixtures	Office Equipment	Motor Vehicle	Total
<b>10.</b>	<b>Property, Plant and Equipment</b>							
<b>a.</b>	<b>Gross Block</b>							
	Balance as at April 1, 2021	112.50	386.90	57.62	41.55	14.90	-	613.46
	Additions	42.90	543.29	40.98	26.31	18.00	21.44	692.92
	Deductions	-	(7.84)	-	(0.50)	-	-	(8.34)
	<b>Balance as at March 31, 2022</b>	<b>155.40</b>	<b>922.35</b>	<b>98.60</b>	<b>67.36</b>	<b>32.90</b>	<b>21.44</b>	<b>1,298.04</b>
	Additions	3.62	144.86	28.81	7.20	24.39	-	208.88
	Deductions	-	(58.37)	-	(0.35)	-	-	(58.72)
	<b>Balance as at March 31, 2023</b>	<b>159.02</b>	<b>1,008.84</b>	<b>127.41</b>	<b>74.21</b>	<b>57.29</b>	<b>21.44</b>	<b>1,448.21</b>
<b>b.</b>	<b>Accumulated Depreciation</b>							
	Balance as at April 1, 2021	38.01	146.96	31.28	6.91	4.98	-	228.14
	Additions	22.28	126.84	15.70	6.27	4.23	1.29	176.61
	Deductions	-	-	-	(0.16)	-	-	(0.16)
	<b>Balance as at March 31, 2022</b>	<b>60.29</b>	<b>273.80</b>	<b>46.98</b>	<b>13.02</b>	<b>9.21</b>	<b>1.29</b>	<b>404.59</b>
	Additions	24.32	180.30	24.74	12.54	9.04	2.55	253.48
	Deductions	-	(41.20)	-	(0.15)	-	-	(41.35)
	<b>Balance as at March 31, 2023</b>	<b>84.61</b>	<b>412.90</b>	<b>71.72</b>	<b>25.41</b>	<b>18.25</b>	<b>3.84</b>	<b>616.73</b>
<b>c.</b>	<b>Net Block</b>							
	Balance as at March 31, 2022	95.11	648.54	51.62	54.34	23.69	20.15	893.45
	<b>Balance as at March 31, 2023</b>	<b>74.40</b>	<b>595.94</b>	<b>55.69</b>	<b>48.80</b>	<b>39.05</b>	<b>17.60</b>	<b>831.48</b>

**10.1** During the Year, The Company has not revalued its plant, property and equipment (including Right of Use Assets).

**Rs. In Lakhs**

Note no.	Particulars	
<b>11.</b>	<b>Other Intangible assets</b>	
<b>a.</b>	<b>Gross Block</b>	
	Balance as at April 1, 2021	4.87
	Additions	38.04
	Deductions	-
	<b>Balance as at March 31, 2022</b>	<b>42.91</b>
	Additions	33.07
	Deductions	-
	<b>Balance as at March 31, 2023</b>	<b>75.98</b>
<b>b.</b>	<b>Accumulated Amortisation</b>	
	Balance as at April 1, 2021	2.35
	Additions	10.15
	Deductions	-
	<b>Balance as at March 31, 2022</b>	<b>12.50</b>
	Additions	23.91
	Deductions	-
	<b>Balance as at March 31, 2023</b>	<b>36.41</b>
<b>c.</b>	<b>Net Block</b>	
	Balance as at March 31, 2022	30.41
	<b>Balance as at March 31, 2023</b>	<b>39.57</b>

## 11.1 INTANGIBLE ASSETS UNDER DEVELOPMENT

Rs. In Lakhs

Note no.	Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Software</b>	-	33.08
		-	<b>33.08</b>

## 11.2 DURING THE YEAR, THE COMPANY HAS NOT REVALUED ITS INTANGIBLE ASSETS

Rs. In Lakhs

Note no.	Particulars	As at March 31, 2023	As at March 31, 2022
<b>12.</b>	<b>Other non-financial assets</b>		
	Balance with Government Authorities	12.11	14.02
	Prepaid expense	51.36	64.57
	Advances to vendors	35.39	33.07
	Advances to others	12.27	7.43
	Capital advance	5.12	1.01
	<b>Total</b>	<b>116.25</b>	<b>120.10</b>

<b>13.</b>	<b>Trade payables</b>		
	Dues to micro enterprises and small enterprises	3.89	1.03
	Due to creditors other than micro enterprises and small enterprises	394.34	183.71
	<b>Total</b>	<b>398.23</b>	<b>184.74</b>

<b>13.1</b>	<b>Other Payables</b>		
	Dues to micro enterprises and small enterprises	-	-
	Due to creditors other than micro enterprises and small enterprises	-	4.29
	<b>Total</b>	<b>-</b>	<b>4.29</b>

## 13.2 Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

I.	The principal amount and the interest due thereon remaining unpaid to any supplier	3.89	1.03
ii.	The interest amount remaining unpaid to any supplier	-	-
iii.	Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iv.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
v.	The amount of further interest remaining due and payable even in the succeeding years.	-	-

**13.3 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information collected by the Management. This has been relied upon by the auditors**



**Kifs Housing Finance Limited**
**Notes to the Financial Statements for the year ended March 31, 2023**
**13.4 PAYABLES AGING SCHEDULE**

Trade Payables(F.Y 2022-23)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(I) MSME	3.89	-	-	-	-	3.89
(ii) Others	-	387.41	6.93	-	-	394.34
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>3.89</b>	<b>387.41</b>	<b>6.93</b>	<b>-</b>	<b>-</b>	<b>398.23</b>

Other Payables(F.Y 2022-23)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(I) MSME	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Trade Payables(F.Y 2021-22)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(I) MSME	-	1.03	-	-	-	1.03
(ii) Others	-	173.92	0.02	9.77	-	183.71
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>174.95</b>	<b>0.02</b>	<b>9.77</b>	<b>-</b>	<b>184.74</b>

Other Payables(F.Y 2021-22)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(I) MSME	-	-	-	-	-	-
(ii) Others	-	4.27	0.02	-	-	4.29
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>4.27</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>4.29</b>

**14. Debt Securities**

		Rs. In Lakhs	
Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
A i	At amortised cost		
	Non-Convertible Debentures		
	Secured	2,083.33	3,916.67
	Unsecured	-	-
	Less - Unamortised borrowing cost	(4.32)	(17.12)
	<b>Total (A)</b>	<b>2,079.01</b>	<b>3,899.55</b>
B i	Debt securities in India	2,083.33	3,916.67
	Less - Unamortised borrowing cost	(4.32)	(17.12)
	<b>Total (B - i)</b>	<b>2,079.01</b>	<b>3,899.55</b>
ii	Debt securities outside India	-	-
	<b>Total (B - ii)</b>	<b>-</b>	<b>-</b>
	<b>Total B (i + ii)</b>	<b>2,079.01</b>	<b>3,899.55</b>

## Kifs Housing Finance Limited

### Notes to the Financial Statements for the year ended March, 31, 2023

#### 14.1 NON CONVERTIBLE DEBENTURES

Rs. In Lakhs

Sr. No.	Particulars	Rate of interest	Date of allotment	Date of redemption	As at March 31, 2023	As at March 31, 2022
1	9.81 % P.A. Kifs Housing Finance Limited/Series B/2020-21	9.81%	August 31, 2020	August 31, 2023	833.33	833.34
2	10.10% P.A. Kifs Housing Finance Limited/Series A/2020-21	10.10%	July 30, 2020	July 30, 2023	1,250.00	1,250.00
3	9.81 % P.A. Kifs Housing Finance Limited/Series B/2020-21	9.81%	August 31, 2020	August 31, 2022	-	833.33
4	10.05% P.A. Kifs Housing Finance Limited/Series C/2020-21	10.05%	November 10, 2020	May 10, 2022	-	1,000.00
	<b>Total</b>				<b>2,083.33</b>	<b>3,916.67</b>

#### Details of contractual repayment of debt securities (excluding interest accrued and unamortised issue cost) at March 31, 2023 is given below

Rs. In Lakhs

No.	Interest rate	0-1 years	1-3 years	3-5 years	>5 years	Total
1	9 to 10%	833.33	-	-	-	833.33
2	10% to 11%	1,250.00	-	-	-	1,250.00
	<b>Total</b>	<b>2,083.33</b>	-	-	-	<b>2,083.33</b>

- The Company has issued 125 Series A/2020-21 Non-convertible Debentures (NCDs) of a face value of Rs. 1,000,000/- to Canara Bank repayable in 3 years at a coupon rate of 10.10% p.a. The same is listed on BSE on August 17, 2020. The principal amount is to be paid at the end of tenure and Interest is payable annually. The debentures are issued on security of hypothecations of receivables equivalent to 1.10 times. The Company has also provided Personal guarantee of Mr. Rajesh P. khandwala & Mr. Vimal P. Khandwala.
- The Company has issued 250 Series B/2020-21 Non-convertible Debentures (NCDs) of a face value of Rs. 1,000,000/- to Bank of Baroda repayable in 3 years at a coupon rate of 9.81%p.a.. The same is listed on BSE on September 14, 2020. The principal and Interest is payable annually. The debentures are issued on security of hypothecations of receivables equivalent to 1.25 times. The Company has also provided Personal guarantee of Mr. Rajesh P. khandwala & Mr. Vimal P. Khandwala.
- The Company has issued 100 Series C/2020-21 Non-convertible Debentures (NCDs) of a face value of Rs. 1,000,000/- to Punjab Natioanl Bank repayable in 18 Months at a coupon rate of 10.05%p.a.. The same is listed on BSE on November 25, 2020. The principal amount is to be repaid at the end of tenure and interest is payable annually. The debentures are issued on security of hypothecations of receivables equivalent to 1.10 times. The Company has also provided Personal guarantee of Mr. Rajesh P. khandwala & Mr. Vimal P. Khandwala. The issued debenture has been repaid.

#### 15 BORROWINGS (OTHER THAN DEBT SECURITIES)

Rs. In Lakhs

Note No.	Particulars	As at March 31, 2023	As at March 31, 2022
<b>A</b>	<b>At Amortised Cost</b>		
	i Term loan from banks - Secured	14,570.90	10,288.67
	ii Term loan from National Housing Bank - Secured	9,538.35	12,706.03
	iii Term loan from others - Secured	2,000.00	-
	Loans repayable on demand from banks - Secured	-	10.05
	Less - Unamortised borrowing cost	(162.66)	(153.82)
	<b>Total borrowings</b>	<b>25,946.59</b>	<b>22,850.93</b>
<b>B</b>	i Borrowings in India	26,109.25	23,004.75
	Less - Unamortised borrowing cost	(162.66)	(153.82)
	<b>Total (B - i)</b>	<b>25,946.59</b>	<b>22,850.93</b>
	ii Borrowings outside India	-	-
	Less - Unamortised borrowing cost	-	-
	<b>Total (B - ii)</b>	<b>-</b>	<b>-</b>
	<b>Total B (i + ii)</b>	<b>25,946.59</b>	<b>22,850.93</b>

## Kifs Housing Finance Limited

### Notes to the Financial Statements for the year ended March, 31, 2023

15.1 There has not been any default in repayment of borrowings and interest during financial year ended March 31, 2023 and March 31, 2022

#### 15.2 TERMS OF REPAYMENT

As at March 31, 2023

						Rs. In Lakhs
Sr. No.	Interest rate	0-1 years	1-3 years	3-5 years	>5 years	Total
1	<b>Term loans from banks</b>					
	8%-9%	190.25	431.42	121.34	-	743.01
	9%-10%	1,857.26	3,206.62	2,345.05	-	7,408.93
	10%-11%	1,922.17	3,022.25	1,474.55	-	6,418.96
	<b>Total</b>	<b>3,969.68</b>	<b>6,660.29</b>	<b>3,940.94</b>	<b>-</b>	<b>14,570.90</b>
2	<b>Term loans from NHB</b>					
	7%-8%	346.50	924.00	924.00	562.38	2,756.88
	8%-9%	1,350.00	3,362.00	2,069.47	-	6,781.47
	<b>Total</b>	<b>1,696.50</b>	<b>4,286.00</b>	<b>2,993.47</b>	<b>562.38</b>	<b>9,538.35</b>
3	<b>Loan from Others</b>					
	9%-10%	666.67	1,333.33	-	-	2,000.00
	<b>Total</b>	<b>666.67</b>	<b>1,333.33</b>	<b>-</b>	<b>-</b>	<b>2,000.00</b>

As at March 31, 2022

						Rs. In Lakhs
Sr. No.	Interest rate	0-1 years	1-3 years	3-5 years	>5 years	Total
1	<b>Term loans from banks</b>					
	8%-9%	1,777.17	3,149.87	2,689.04	-	7,616.08
	9%-10%	969.38	1,566.59	136.62	-	2,672.59
	<b>Total</b>	<b>2,746.55</b>	<b>4,716.46</b>	<b>2,825.66</b>	<b>-</b>	<b>10,288.67</b>
2	<b>Term loans from NHB</b>					
	6%-7%	1,856.21	4,524.00	3,970.00	2,355.82	12,706.03
	<b>Total</b>	<b>1,856.21</b>	<b>4,524.00</b>	<b>3,970.00</b>	<b>2,355.82</b>	<b>12,706.03</b>

#### 15.3

a) The Company has taken term loan from Federal Bank Ltd (TL1) of Rs. 475 lakhs repayable in 60 monthly instalments starting from October 29, 2018 and carry Interest @9.20 % P.a. (PY: @8.80 % P.a.) (One year MCLR + 0.70%) on security of cash margin of 10.00 % of loan amount and hypothecations of receivables equivalent to 1.10 times and letter of comfort by promoter entity i.e. KIFS International LLP.

b) The Company has taken term loan from South Indian Bank Ltd of Rs. 500 lakhs repayable in 60 monthly instalment starting from January 29, 2019 and carry Interest @9.65 % P.a. (PY: @8.75 % P.a.) (One year MCLR + 0.55%). This facility is secured by cash margin equivalent to 10.00 % of term loan in form of fixed deposit and paripassu charge on all current assets, book debts, and housing loan assets both present and future of the company with minimum cover of 1.10 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

c) The Company has taken term loan from AU Small Finance Bank Limited of Rs. 1000 lakhs repayable in 60 monthly instalments starting from May 3, 2019 and carry interest @10.41 % p.a. (PY: @8.76 % P.a.) (12 Month's average of one year T-Bill + 4.85%). This facility is secured by hypothecations of present and future loan receivables equivalent to 1.20 times for the loan principal outstanding. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

d) The Company has taken term loan from Federal Bank Ltd (TL2) of Rs. 500 lakhs repayable in 60 monthly instalments starting from May 23, 2019 and carry Interest @9.35 % P.a. (PY: @9.25 % P.a.) (One year MCLR + 1.30%) on security of cash margin of 10.00 % of loan amount and hypothecations of receivables equivalent to 1.10 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

e) The Company has taken term loan from Federal Bank Ltd (TL3) of Rs. 600 lakhs repayable in 60 monthly instalments starting from October 30, 2019 and carry Interest @9.50 % P.a. (PY: @9.10 % P.a.) (One year MCLR + 1.00%) on security of cash margin of 5% of loan amount and hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.



**f)** The Company has taken term loan from Karur Vyasa Bank of Rs. 1500 lakhs repayable in Quarterly instalments and carry Interest @10.40 % P.a. (PY: @9.45 % P.a.) (One year MCLR + 0.80%) on security of hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**g)** The Company has taken refinance facility from National Housing Bank of Rs. 4500 lakhs repayable in 10 years 2 months 12 days in quarterly instalments starting from January 15, 2020 carrying Interest @7.95% & 8.00 % P.a. (PY: @6.40 % P.a.). Security against this is hypothecation of receivables equivalent to 1.25 times and bank guarantee equivalent to 20.00 % of loan amount sanctioned. Further the Company has also provided Corporate guarantee of KIFS International LLP.

**h)** The Company has taken term loan from Federal Bank Ltd (TL4) of Rs. 400 lakhs repayable in 60 monthly installments starting from February 29, 2020 and carry Interest @10.30 % P.a. (PY: @9.00 % P.a.) (One year MCLR + 1.00%) on security of cash margin of 5% of loan amount and hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**i)** The Company has taken term loan from Federal Bank Ltd (TL5) of Rs. 1000 lakhs repayable in 60 monthly installments starting from January 31, 2021 and carry Interest @10.00 % P.a. (PY: @9.10 % P.a.) (One year MCLR + 1.00%) on security of hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**j)** The Company has taken refinance facility under lift scheme from National Housing Bank of Rs. 1500 lakhs repayable in 5 Years in quarterly instalments starting from July 1, 2020 carrying Interest @ 8.15 % P.a. (PY: @6.50 % P.a.). Security against this is hypothecation of receivables equivalent to 1.35 times. Further the Company has also provided Corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**k)** The Company has taken refinance facility under regular refinance scheme from National Housing Bank of Rs. 10000 lakhs repayable in 7 Years in quarterly instalments starting from April 1, 2021 carrying Interest @ 8.10 % P.a. (PY: @6.55 % P.a.). Security against this is hypothecation of receivables equivalent to 1.20 times and bank guarantee equivalent to 10.00 % of loan amount sanctioned. Further the Company has also provided Corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**l)** The Company has taken term loan from Federal Bank Ltd (TL6) of Rs. 1000 lakhs repayable in 60 monthly installments starting from October 30, 2021 and carry Interest @8.70 % P.a. (PY: @8.30% P.a.) (One year MCLR + 0.20%) on security of hypothecations of receivables equivalent to 1.10 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**m)** The Company has taken term loan from IDBI Bank of Rs. 1000 lakhs repayable in 60 monthly instalments starting from January 31, 2022 and carry Interest @9.10 % P.a. (PY: @ 8.50% P.a.) (One year MCLR + 0.85%) on security of cash margin of 5.00 % of loan amount and hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

**n)** The Company has taken term loan from State Bank of India of Rs.5000 lakhs repayable Quarterly instalments and carry Interest @10.20 % P.a. (PY: @ 8.75% P.a.) (One year MCLR + 1.80%) on security of (Immovable property/cash collateral) equivalent to 18% of loan amount and hypothecations of receivables equivalent to 1.25 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. khandwala & Mr. Vimal P. Khandwala.

**o)** During the year, the company has taken term loan from Capital Small Finance Bank of Rs. 2500 lakhs repayable in 60 monthly installments starting from December 31, 2022 and carry interest @ 9.50% (One Year MCLR+0.30%) on security of hypothecation of receivables equivalent to 1.10 times. The company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Vimal P. Khandwala.

**p)** During the year, the company has taken term loan from Utkarsh Small Finance Bank of Rs. 1500 lakhs repayable in 60 monthly installments starting from November 01, 2022 and carry interest @ 10.07% (364 Days T-Bill Rate 6.35% + 3.72%) on security of hypothecation of receivables equivalent to 1.10 times and 5% cash collateral of loan amount sanctioned in the form of FDR. The company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala and Mr. Vimal P. Khandwala.

q) During the year, the company has taken term loan from CSB Bank of Rs. 2000 lakhs repayable in 60 monthly installments starting from January 7, 2023 and carry interest @ 9.15% (6 Month MCLR 9.10% + 0.05%) on security of hypothecation of specific receivables with only principal component of standard asset equivalent to 1.10 times and 5% cash collateral of loan amount sanctioned in the form of FDR. The company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala and Mr. Vimal P. Khandwala.

r) During the year, the Company has taken term loan from South Indian Bank Ltd of Rs. 500 lakhs repayable in 60 monthly instalment starting from December 30, 2022 and carry Interest @9.50 % P.a. (12 month MCLR + 0.45 %). This facility is secured by hypothecation of receivables of standard asset equivalent to 1.25 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

s) During the year, the Company has taken term loan from Tata Capital Financial Services Ltd of Rs. 2000 lakhs repayable in 12 quarterly instalment starting from May 5, 2023 including interest and carry Interest @9.90 % P.a. . This facility is secured by hypothecation of receivables of standard asset equivalent to 1.10 times and 5% cash collateral of loan amount sanctioned in form of FDR. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

t) During the year, the Company has taken term loan from Federal bank (TL7) of Rs. 1000 lakhs repayable in 60 monthly instalment starting from October 29, 2022 including interest and carry Interest @9.35 % P.a. (One year MCLR+0.85 %). This facility is secured by hypothecation of receivables of standard asset equivalent to 1.20 times and 5% cash margin. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P. Khandwala & Mr. Vimal P. Khandwala.

u) The Company has filed statement of asset cover with security trustee & banks reconciling with books of Accounts

15.4 The Company has obtained borrowings from banks or financial institutions on the basis of security of Current Assets.

15.5 The Company has used the borrowings from banks & financial institutions for the specific purpose for which it was taken.

		Rs. In Lakhs	
Note No.	Particulars	As at March 31, 2023	As at March 31, 2022
16	<b>Other financial liabilities</b>		
	Book overdraft	4,197.88	3,293.15
	Interest accrued but not due on borrowings and debt securities	163.82	224.30
	Payable to Employees	59.98	16.55
	Payable to Customers	329.48	258.67
	Lease liability	684.47	729.73
	<b>Total</b>	<b>5,435.63</b>	<b>4,522.39</b>
17	<b>Provisions</b>		
	Employee benefit		
	Gratuity	42.32	33.38
	Compensated absence	82.56	64.75
	<b>Total</b>	<b>124.88</b>	<b>98.13</b>
18	<b>Other non financial liabilities</b>		
	Statutory dues	89.50	146.54
	Advance EMI	17.49	20.89
	Advance from customers	38.62	13.59
	Provision for expenses	338.81	193.80
	<b>Total</b>	<b>484.42</b>	<b>374.82</b>
19	<b>Equity Share Capital</b>		
19.1	<b>Authorised Capital</b>		
	250,000,000 Equity Shares of Rs.10/- each (P.Y 250,000,000 Equity Shares of Rs.10/- each)	25,000.00	25,000.00
	<b>Total</b>	<b>25,000.00</b>	<b>25,000.00</b>
19.2	<b>Issued, Subscribed and Paid Up Capital</b>		
	249,986,452 Equity Shares of Rs.10/- each (P.Y 249,986,452 Equity Shares of Rs.10/- each)	24,998.65	24,998.65
	<b>Total</b>	<b>24,998.65</b>	<b>24,998.65</b>



### 19.3 RIGHTS, PREFERENCES AND RESTRICTIONS :

I. The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.

ii. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

iii. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

### 19.4 DETAILS OF EQUITY SHAREHOLDERS HOLDING MORE THAN 5 PER CENT SHARES :

Rs. In Lakhs

Name of the Shareholder	As on March 31, 2023	As on March 31, 2022
	No. of shares %	No. of shares %
KIFS International LLP	24,94,85,752 99.80%	24,94,85,752 99.80%

### 19.5 Reconciliation of number of equity shares outstanding:

Rs. In Lakhs

Particulars	2022-2023		2021-2022	
	No. of shares	Amount	No. of shares	Amount
Equity Shares at the beginning of the year	24,99,86,452	24,998.65	24,99,86,452	24,998.65
Changes in Equity share Capital during the Year	-	-	-	-
<b>Equity Shares at the end of the period</b>	<b>24,99,86,452</b>	<b>24,998.65</b>	<b>24,99,86,452</b>	<b>24,998.65</b>

19.6 The Company has not reserved any shares for issue under options and contracts/commitments for the sale.

19.7 The Company has neither allotted any shares pursuant to contracts without payment being received in cash or as bonus shares nor it has bought back any shares during the preceding 5 financial years.

19.8 The Company has not issued any convertible securities and has not issued any shares where calls are unpaid. The Company has not forfeited any shares.

### 19.9 DETAILS OF SHARES HELD BY THE PROMOTORS AT THE END OF THE YEAR

Promotor Name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares	% of Holding	No. of Shares	% of Holding	
KIFS International LLP	24,94,85,752	99.80	24,94,85,752	99.80	-

Note : Refer note no. 79 relating to Share issue expenses

### 20 OTHER EQUITY

Rs. In Lakhs

	As at March 31, 2023	As at March 31, 2022
Retained Earnings	4,538.38	3,543.44
Statutory Reserve	1,675.74	1,307.73
<b>Total</b>	<b>6,214.12</b>	<b>4,851.17</b>

Note : Refer note no. 79 relating to Share issue expenses

### 20.1 MOVEMENT OF STATEMENT OF CHANGES IN OTHER EQUITY

Rs. In Lakhs

Particulars	Reserve and Surplus		Items of OCI	Total
	Statutory Reserve	Retained Earnings	Other Comprehensive Income	
<b>Balance as at April 1, 2021</b>	<b>1,010.18</b>	<b>2,535.66</b>	-	<b>3,545.84</b>
Profit for the year	-	1,283.01	-	1,283.01
Transfer from retained earnings	297.55	(297.55)	-	-
Remeasurement benefit of defined benefit plans	-	22.33	-	22.33
<b>Balance as at March 31, 2022</b>	<b>1,307.73</b>	<b>3,543.44</b>	-	<b>4,851.17</b>
Profit for the year	-	1,344.00	-	1,344.00
Transfer from retained earnings	368.01	(368.01)	-	-
Remeasurement benefit of defined benefit plans	-	18.95	-	18.95
<b>Balance as at March 31, 2023</b>	<b>1,675.74</b>	<b>4,538.38</b>	-	<b>6,214.12</b>



Note No.	Particulars	For the year 2022-23	For the year 2021-22
<b>21</b>	<b>Interest Income</b>		
	<b>Interest on Financial Assets carried at Amortised Cost</b>		
	Interest on Loans	7,328.62	5,761.19
	<b>Total</b>	<b>7,328.62</b>	<b>5,761.19</b>
<b>22</b>	<b>Fees and Commission Income</b>		
	Fees and commission income	121.33	67.73
	<b>Total</b>	<b>121.33</b>	<b>67.73</b>
<b>23</b>	<b>Net gain on fair value changes</b>		
	Net gain on financial instruments designated at fair value through profit or loss	76.58	285.10
	<b>Total</b>	<b>76.58</b>	<b>285.10</b>
<b>23.1</b>	<b>Fair value changes</b>		
	Realised	132.15	293.63
	Unrealised	(55.57)	(8.54)
	<b>Total</b>	<b>76.58</b>	<b>285.10</b>
<b>24</b>	<b>Other operating revenue</b>		
	Interest on fixed deposits with banks	229.58	219.80
	Other ancillary services	251.42	201.39
	<b>Total</b>	<b>481.00</b>	<b>421.19</b>
<b>25</b>	<b>Finance Cost</b>		
	<b>25.1 Interest on financial liabilities measured at amortized cost</b>		
	Interest on borrowing	1,948.53	1,436.41
	Interest on debt securities	266.27	441.41
	Interest on lease liabilities	49.76	42.49
	Other borrowings cost	55.40	6.60
	<b>Total</b>	<b>,319.96</b>	<b>1,926.91</b>
<b>26</b>	<b>Impairment on financial instruments</b>		
	On financial instruments measured at amortized cost	149.02	526.19
	<b>Total</b>	<b>149.02</b>	<b>526.19</b>
<b>27</b>	<b>Employee Benefits Expense</b>		
	Salaries and wages	2,761.21	1,760.99
	Contribution to Provident Fund and other funds	142.65	80.11
	Staff Welfare expenses	18.48	9.90
	<b>Total</b>	<b>,922.34</b>	<b>1,851.00</b>

**Kifs Housing Finance Limited****Notes to the Financial Statements for the year ended March 31, 2023**

Rs. In Lakhs

Note No.	Particulars	For the year 2022-23	For the year 2021-22
<b>28</b>	<b>Other Expenses</b>		
	Rent, taxes and energy costs	53.15	19.48
	Repair and Maintenance	179.35	83.91
	Communication cost	37.44	27.60
	Printing and Stationery	23.09	18.56
	Advertisement expenses	8.85	5.43
	Recruitment Expenses	8.80	0.11
	Directors Sitting fees & Others	6.76	5.12
	Auditors' fees and expenses	9.25	7.80
	Legal and Professional charges	97.59	77.31
	Business Promotion expenses	3.83	6.91
	Commission & Brokerage	1.46	2.34
	Travelling and Conveyance	93.39	67.97
	Insurance	63.60	30.27
	Membership & Subscription fees	1.88	3.90
	CSR Expenses	40.00	32.67
	Office Expenses	25.03	16.42
	Others	28.98	19.17
	<b>Total</b>	<b>682.45</b>	<b>424.98</b>
	<b>28.1 Payment to auditors :-</b>		
	for statutory audit	5.22	4.73
	for Internal Control Over Financial Reporting	0.90	0.75
	for tax audit	0.90	0.79
	for other services	1.91	1.50
	for out of pocket expenses	0.32	0.03
	<b>Total</b>	<b>9.25</b>	<b>7.80</b>

**Kifs Housing Finance Limited**
**Notes to the financial statements for the year ended March 31, 2023**
**29. CURRENT AND NON-CURRENT ASSETS AND LIABILITIES**
**Balance sheet as at March 31, 2023**
**Rs. in Lakhs**

<b>Particulars</b>	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	88.90	-	<b>88.90</b>
Bank balance other than cash & cash equivalents	1,977.92	2,769.56	<b>4,747.48</b>
Derivative financial instruments	-	-	-
Receivables			
- Trade receivables	-	-	-
- Other receivables	19.86	-	<b>19.86</b>
Loans	1,447.47	57,638.79	<b>59,086.26</b>
Investments	-	-	-
Other Financial Assets	83.68	65.64	<b>149.32</b>
<b>Total financial assets</b>	<b>3,617.73</b>	<b>60,474.09</b>	<b>64,091.82</b>
<b>Non-Financial Assets</b>			
Current tax assets (Net)	-	77.67	<b>77.67</b>
Deferred tax assets (Net)	-	524.74	<b>524.74</b>
Property, Plant and Equipment	-	831.48	<b>831.48</b>
Intangible assets under development	-	-	-
Other intangible assets	-	39.57	<b>39.57</b>
Other non-financial assets	115.71	0.54	<b>116.25</b>
<b>Total Non-financial assets</b>	<b>115.71</b>	<b>1,474.00</b>	<b>1,589.71</b>
<b>Total Assets</b>	<b>3,733.44</b>	<b>61,948.09</b>	<b>65,681.53</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	-	-	-
Payables			
Trade Payables			
- total outstanding dues to micro enterprises and small enterprises	3.89	-	<b>3.89</b>
- total outstanding dues to creditors other than micro enterprises and small enterprises	394.34	-	<b>394.34</b>
<b>Other Payables</b>			
- total outstanding dues to micro enterprises and small enterprises	-	-	-
- total outstanding dues to creditors other than micro enterprises and small enterprises	-	-	-
Debt securities	2,079.01	-	<b>2,079.01</b>
Borrowings (other than debt securities)	6,330.65	19,615.94	<b>25,946.59</b>
Subordinated liabilities	-	-	-
Other financial liabilities	4,962.46	473.17	<b>5,435.63</b>
<b>Total financial liabilities</b>	<b>13,770.35</b>	<b>20,089.11</b>	<b>33,859.46</b>
<b>Non-Financial Liabilities</b>			
Provisions	13.17	111.71	<b>124.88</b>
Other non - financial Liabilities	466.93	17.49	<b>484.42</b>
<b>Total non-financial liabilities</b>	<b>480.10</b>	<b>129.20</b>	<b>609.30</b>



Particulars	Current	Non-Current	Total
<b>Equity</b>			
Equity share capital	-	24,998.65	<b>24,998.65</b>
Other equity	-	6,214.12	<b>6,214.12</b>
<b>Total equity</b>	-	<b>31,212.77</b>	<b>31,212.77</b>
Total Liabilities and Equity	<b>14,250.46</b>	<b>51,431.07</b>	<b>65,681.53</b>

### Balance sheet as at March 31, 2022

Rs. in Lakhs

Particulars	Current	Non-Current	Total
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	19.35	-	<b>19.35</b>
Bank balance other than cash & cash equivalents	998.76	3,047.03	<b>4,045.79</b>
Derivative financial instruments	-	-	-
Receivables			
- Trade receivables	-	-	-
- Other receivables	3.88	-	<b>3.88</b>
Loans	4,844.03	43,410.23	<b>48,254.26</b>
Investments	7,799.03	-	<b>7,799.03</b>
Other Financial Assets	54.00	71.44	<b>125.44</b>
<b>Total financial assets</b>	<b>13,719.05</b>	<b>46,528.70</b>	<b>60,247.75</b>
<b>Non-Financial Assets</b>			
Current tax assets (Net)	-	94.70	<b>94.70</b>
Deferred tax assets (Net)	-	365.19	<b>365.19</b>
Property, Plant and Equipment	-	893.45	<b>893.45</b>
Other intangible assets	-	30.41	<b>30.41</b>
Intangible assets under development	33.08	-	<b>33.08</b>
Other non-financial assets	120.10	-	<b>120.10</b>
<b>Total Non-financial assets</b>	<b>153.18</b>	<b>1,383.75</b>	<b>1,536.93</b>
<b>Total Assets</b>	<b>13,872.23</b>	<b>47,912.45</b>	<b>61,784.68</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	-	-	-
Payables			
Trade Payables			
- total outstanding dues to micro enterprises and small enterprises	1.03	-	<b>1.03</b>
- total outstanding dues to creditors other than micro enterprises and small enterprises	183.71	-	<b>183.71</b>
Other Payables			
- total outstanding dues to micro enterprises and small enterprises	-	-	-
- total outstanding dues to creditors other than micro enterprises and small enterprises	4.29	-	<b>4.29</b>
Debt securities	1,820.53	2,079.02	<b>3,899.55</b>
Borrowings (other than debt securities)	4,560.33	18,290.60	<b>22,850.93</b>
Subordinated liabilities	-	-	-
Other financial liabilities	3,943.83	578.56	<b>4,522.39</b>
<b>Total financial liabilities</b>	<b>10,513.73</b>	<b>20,948.18</b>	<b>31,461.91</b>

Particulars	Current	Non-Current	Total
<b>Non-Financial Liabilities</b>			
Provisions	6.89	91.24	<b>98.13</b>
Other non - financial Liabilities	374.82	-	<b>374.82</b>
<b>Total non-financial liabilities</b>	<b>381.71</b>	<b>91.24</b>	<b>472.95</b>
<b>Equity</b>			
Equity share capital	-	24,998.95	<b>24,998.95</b>
Other equity	-	4,851.17	<b>4,851.17</b>
<b>Total equity</b>	-	<b>29,849.82</b>	<b>29,849.82</b>
Total Liabilities and Equity	<b>10,895.43</b>	<b>50,889.25</b>	<b>61,784.68</b>

### 30. EARNINGS PER SHARE

Particulars	For the year 2022-23	For the year 2021-22
<b>Basic</b>		
Net profit as per statement of Profit & Loss (Rs. In Lakhs)	1,344.00	1,283.01
Profit available to equity shareholders (Rs. In Lakhs)	1,344.00	1,283.01
Weighted average number of equity shares outstanding during the year (in Nos.)	249,986,452	249,986,452
<b>Basic earnings per share of face value of Rs. 10 each (Rs.)</b>	0.54	0.51
<b>Diluted earnings per share of face value of Rs. 10 each (Rs.)</b>	0.54	0.51

The Company is not having any instruments, which are dilutive in nature.

There are no instruments outstanding that could potentially dilute basic earnings per share in the future and were not included in the calculation of diluted earnings per share because they are anti-dilutive for the period(s) presented.

There were no transactions that have occurred after the reporting date that would have changed significantly the number of ordinary shares outstanding or potential ordinary shares outstanding at the reporting date.

### 31. SEGMENT REPORTING

The Company is engaged in lending business. The Company provides mortgages loans (home loan, loan against properties, construction reality) and operates within India only. The Board of the Company reviews the Company's performance as a single business. There being only one segment, disclosure for segment is not applicable.

### 32. STANDARD ISSUED BUT NOT EFFECTIVE

The Ministry of Corporate Affairs ("MCA"), through notification dated 31 March 2023, amended the Companies (Indian Accounting Standards) Rules, 2015, with effect from 01 April 2023. No new standards as notified by the MCA, through Companies (Indian Accounting Standards) Rules, 2015 are effective for the year ended 31 March 2023.

### 33. TAXATION

**Income tax expense in the Statement of Profit and Loss Comprises of :**

Particulars	Rs. In Lakhs	
	For the year 2022-23	For the year 2021-22
Current Tax	467.36	397.69
Current tax - excess provision of tax for earlier year	10.93	(2.10)
<b>Total current tax expenses</b>	<b>478.29</b>	<b>395.59</b>
<b>Deferred tax in statement of profit and loss</b>		
Relating to origination and reversal of temporary difference	(165.92)	(59.22)
<b>Total Deferred tax expenses/(income)</b>	<b>(165.92)</b>	<b>(59.22)</b>
<b>Total Income tax expenses</b>	<b>312.37</b>	<b>336.37</b>

The tax expense and tax assets have been computed as per applicable tax laws and generally accepted tax computation policies and procedures. There is no uncertain tax treatment.

**The details of income tax assets/(liabilities) and deferred tax assets/(liabilities) :**

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Net Income tax assets/(liabilities)	77.64	94.70
Deferred tax assets/(liabilities)	524.74	365.19

**A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarised below**

Rs. in Lakhs

Particulars	For the year March 31, 2023	For the year March 31, 2022
<b>Accounting profit before tax</b>	<b>1,656.37</b>	<b>1,619.38</b>
Statutory tax rate	25.168%	25.168%
<b>Computed enacted tax expenses</b>	<b>416.87</b>	<b>407.56</b>
<b>Tax effect of</b>		
Expenses disallowed under Income Tax Act	10.07	8.43
Income tax deduction including for Special Reserve available to financial institutions	(92.63)	(74.89)
Tax expenses pertaining to previous year	10.93	(2.10)
Others	(32.87)	(2.63)
<b>Income tax expenses as per books</b>	<b>312.37</b>	<b>336.37</b>
Effective income tax rate	18.86%	20.77%

**Details of each type of recognized temporary differences, unused tax losses and unused tax credits**

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax related to Item recognised through profit or loss</b>		
<b>Deferred tax liabilities</b>		
Unrealised gain on investments	-	(13.99)
Unamortised expenses for borrowings	(42.02)	(43.02)
<b>Total – Deferred tax liabilities</b>	<b>(42.02)</b>	<b>(57.01)</b>
<b>Deferred tax assets</b>		
Unamortised income/expenses (net) on loans given	242.89	165.76
Expected credit losses	258.21	203.85
Employee benefits	31.43	24.70
Related to Property, Plant and Equipment and leases	34.23	27.89
<b>Total- Deferred tax assets</b>	<b>566.76</b>	<b>422.20</b>
<b>Deferred tax assets/(liabilities)</b>	<b>524.74</b>	<b>365.19</b>

**Details of movement in deferred tax balances**

Rs. in Lakhs

Particulars	As at April 1, 2022	(Charge)/credit to profit and loss account	(Charge)/credit to other comprehensive income	As at March 31, 2023
Unamortised income/expenses (net) on loans given	165.76	77.13	-	242.89
Unamortised expenses for borrowings	(43.02)	1.00	-	(42.02)
Unrealised gain on investments	(13.99)	13.99	-	-
Expected credit losses	203.85	54.36	-	258.21
Employee benefits	24.70	13.11	(6.38)	31.43
Property, plant and equipment and leases	27.89	6.34	-	34.23
<b>Total</b>	<b>365.19</b>	<b>165.92</b>	<b>(6.38)</b>	<b>524.74</b>



**Details of movement in deferred tax balances**

Rs. in Lakhs

Particulars	As at April 1, 2021	(Charge)/credit to profit and loss account	(Charge)/credit to other comprehensive income	As at March 31, 2022
Unamortised income/expenses (net) on loans given	153.72	12.04	-	165.76
Unamortised expenses for borrowings	(28.59)	(14.43)	-	(43.02)
Unrealised gain on investments	(15.49)	1.50	-	(13.99)
Expected credit losses	152.91	50.94	-	203.85
Employee benefits	28.78	3.43	(7.51)	24.70
Property, plant and equipment and leases	22.16	5.73	-	27.89
<b>Total</b>	<b>313.49</b>	<b>59.21</b>	<b>(7.51)</b>	<b>365.19</b>

**34. CAPITAL MANAGEMENT**

The Company maintains an actively managed capital base to cover risks inherent to the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the Company capital is monitored using, among other measures, the regulations issued by regulators. The Company has complied in full with all its externally imposed capital requirements over the reported periods.

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Debt	32,223.49	30,043.63
Equity	31,212.77	29,849.82
<b>Debt to equity ratio</b>	<b>1.03</b>	<b>1.01</b>

**Loan covenants**

Under the terms of the major borrowing facilities, the Company has complied with the covenants throughout the reporting period.

**35. CONTINGENT LIABILITIES AND COMMITMENTS**

(i) The company has filed its Income tax return for FY 2019-20. There are outstanding demand of Rs.4.64 Lakhs relating to leave encashment as per intimation order received by company dated December 24, 2021. Company has disagreed with demand dated October 03, 2022. Matter is under litigation (CIT Appeal) as on March 31, 2023.

(ii) There is an outstanding demand of Rs.22.84 lakhs (Including penalty) from Stamp & Registration Dept. Gujarat. As per demand notice received by company dated March 16, 2023, company has to pay the outstanding demand within 90 days from the date of issuance of notice. The company is currently considering to contest against the stamp duty notice, and company may file appeal against the department by depositing 25% of the said amount as security. Hence the said amount is currently treated as contingent liability and reported suitably. It will be accounted as and when the liability is confirmed. Presently the Company has considered such a claim against the company not acknowledged as debt Rs. 22.84 lakhs (Including penalty).

**Loan commitments**

The Company has outstanding undrawn commitments to provide loans to customers. These loan commitments aggregated to Rs. 6,880.43 lakhs as at March 31, 2023 (March 31, 2022: Rs. 5,378.03 lakhs). Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

**Capital commitments**

Estimated value of contracts remaining to be executed on capital account and not provided for is Rs. 1.61 lakhs (PY: NIL).

**36. LEASES**

The Company has taken various office premises under lease. The lease terms in respect of such premises are on the basis of individual agreements entered into with the respective landlords.

**Movement in carrying value of right of use assets is given below.**

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	648.54	386.90
Addition	144.86	543.29
Deletion	(58.37)	(7.84)
Depreciation for the year	(139.10)	(273.81)
Closing balance	<b>595.94</b>	<b>648.54</b>

**Movement in carrying value of lease liability is given below.**

Rs. in Lakhs

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Opening balance	729.73	297.15
Addition	144.86	543.29
Deletion	(27.03)	(7.74)
Finance cost accrued during the period	59.62	42.49
Payment	(222.72)	(145.46)
<b>Closing balance</b>	<b>684.47</b>	<b>729.73</b>
- Current	211.30	151.17
- Non-current	473.17	578.56

**Contractual maturities of lease liability on an undiscounted basis is given below.**

Rs. in Lakhs

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Less than 1 year	210.41	204.27
Between 1 and 2 years	187.40	185.46
Between 2 and 3 years	166.47	156.53
Between 3 and 4 years	116.89	144.75
Between 4 and 5 years	51.46	101.05
More than 5 years	110.83	116.94
<b>Total</b>	<b>843.46</b>	<b>909.00</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Company does not have any variable lease payments and also has not sub-leased right of use assets. Further, the Company does not have any significant restrictions or covenants imposed under the leases.

**37. CORPORATE SOCIAL RESPONSIBILITY (CSR) :**

Rs. in Lakhs

Particulars	for the year	for the year
	March 31, 2023	March 31, 2022
Gross amount required to be spent by the Company during the year	39.49	32.67
Amount spent during the year on purposes other than construction/ acquisition of any asset	40.00	32.67
Paid	40.00	32.67
Yet to be paid	-	-
<b>Total</b>	<b>40.00</b>	<b>32.67</b>

**Shortfall in Payment:**

There is no shortfall in the CSR amount required to be spent by the Company as per Section 135(5) of the Act for the financial year ended March 31, 2023 and March 31, 2022

**Nature of CSR Activities:****For the year ended March 31, 2023:**

Out of the total amount of Rs.40.00 Lakhs, the company:

- spent Rs.12.00 lakhs towards Hunger Free Palghar, an initiative by Govardhan Annakshetra, ISKCON;
- contributed Rs.18.00 lakhs to TATA Memorial Hospital for the treatment of the Cancer Patients;
- contributed Rs.10.00 lakhs to Medical Research Foundation for major eye surgeries performed of 58 patients.

**For the year ended March 31, 2022:**

Out of the total amount of Rs.32.67 Lakhs, the company:

- spent Rs.6.67 lakhs towards Hunger Free Palghar, an initiative by Govardhan Annakshetra, ISKCON;
- contributed Rs.18.00 lakhs to TATA Memorial Hospital for the treatment of the Cancer Patients;
- contributed Rs.8.00 lakhs to Bhaktivedanta Hospital & Research Institute, a project of Sri Chaitanya Seva Trust for purchase of medical equipments for treatment of patients

**Related Party Transactions & Provision**

The Company has neither made any CSR contribution towards its related parties nor has recorded any provision for CSR expenditure during the financial years ended March 31, 2023 and March 31, 2022.

### 38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are subject to offsetting where there is a legally enforceable right to set-off recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously. As at March 31, 2023 and March 31, 2022, there was no offsetting of financial assets and financial liabilities.

### 39. FINANCIAL RISK MANAGEMENT

#### Financial Instruments Risk management objectives and Policies

#### Liquidity Risk

The table below provide details regarding the contractual maturities of financial liabilities as at March 31, 2023

Rs. in Lakhs

Particulars	Upto 1 year	1-3 year	3-5 year	Over 5 years	Total
Borrowings	6,330.65	12,251.84	6,802.91	561.19	25,946.59
Debt securities	2,079.01	-	-	-	2,079.01
<b>Total</b>	<b>8,409.66</b>	<b>12,251.84</b>	<b>6,802.91</b>	<b>561.19</b>	<b>28,025.60</b>

The table below provide details regarding the contractual maturities of financial liabilities as at March 31, 2022

Rs. in Lakhs

Particulars	Upto 1 year	1-3 year	3-5 year	Over 5 years	Total
Borrowings	4,416.32	9,180.12	6,746.72	2,497.72	22,840.88
Debt securities	1,825.32	2,074.23	-	-	3,899.55
<b>Total</b>	<b>6,241.64</b>	<b>11,254.35</b>	<b>6,746.72</b>	<b>2,497.72</b>	<b>26,740.43</b>

### CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness.

The maximum exposure to the credit risk is as follows:

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Other Receivables	19.86	3.88
Loans	59,086.26	48,254.26
Other Financial Assets	149.32	125.44

For the loan portfolio, an impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of credit risk. For the purposes of this analysis, the loan portfolio is categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments. The impairment assessment is also carried out in accordance with the regulations prescribed by RBI. The provision for impairment is considered at higher of the amount worked out as per Ind AS 109 and as per RBI Regulations.

Reconciliation of gross carrying amount of loan portfolio

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount balance as at April 1, 2021</b>	<b>44,389.29</b>	<b>368.47</b>	<b>364.72</b>	<b>45122.48</b>
New asset originated	13,491.39	1.79	-	13493.18
Assets derecognised or repaid	(9,034.00)	(93.24)	(356.94)	(9,484.18)
Transfers from Stage 1	(1,587.30)	1,174.82	412.48	-
Transfers from Stage 2	77.28	(185.61)	108.33	-
Transfers from Stage 3	-	-	-	-
<b>Gross carrying amount balance as at March 31, 2022</b>	<b>47,336.66</b>	<b>1,266.23</b>	<b>528.59</b>	<b>49,131.48</b>
New asset originated	24,064.42	1.84	-	24,066.26
Assets derecognised or repaid	(12,779.69)	(210.82)	(95.00)	(13,085.51)
Transfers from Stage 1	(739.02)	498.24	240.78	-
Transfers from Stage 2	482.97	(668.46)	185.49	-
Transfers from Stage 3	109.76	6.21	(115.98)	-
<b>Gross carrying amount balance as at March 31, 2023</b>	<b>58,475.11</b>	<b>893.25</b>	<b>743.87</b>	<b>60,112.23</b>



## Reconciliation of ECL Balance

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>ECL Allowance as at April 1, 2021</b>	<b>251.70</b>	<b>70.93</b>	<b>158.86</b>	<b>481.49</b>
New assets originated	89.70	0.36	-	<b>90.06</b>
Assets derecognised or repaid	(51.25)	(16.64)	(155.47)	<b>(223.36)</b>
Due to changes in assumptions	11.85	195.05	198.07	<b>404.97</b>
Transfers from Stage 1	(10.46)	7.66	2.80	-
Transfers from Stage 2	16.28	(38.13)	21.85	-
Transfers from Stage 3	-	-	-	-
<b>ECL Allowance as at March 31, 2022</b>	<b>307.82</b>	<b>219.23</b>	<b>226.11</b>	<b>753.16</b>
New assets originated	199.81	0.33	-	<b>200.14</b>
Assets derecognised or repaid	(85.29)	(36.42)	(40.64)	<b>(162.35)</b>
Due to changes in assumptions	(381.63)	(6.69)	42.61	<b>(345.70)</b>
Transfers from Stage 1	(5.69)	4.04	1.65	-
Transfers from Stage 2	83.98	(115.54)	31.56	-
Transfers from Stage 3	46.97	2.65	(49.62)	-
<b>ECL Allowance as at March 31, 2023</b>	<b>165.97</b>	<b>67.61</b>	<b>211.67</b>	<b>445.25</b>

The Company is having additional provision of Rs.501.60 lakhs for loan losses, provision of Rs.70.65 lakhs for restructured loans and Rs.8.46 lakhs for loan commitments as at 31st March, 2023.

## 40. FAIR VALUATION

### Carrying value and fair value of financial instruments by categories as at March 31, 2023.

Rs. in Lakhs

Particulars	FVTPL	FVPCI	Amortised cost	Total carrying value	Fair value
<b>Financial assets</b>					
Cash and cash equivalents	-	-	88.90	88.90	88.90
Bank balance other than above	-	-	4,747.48	4,747.48	4,747.48
Other receivable	-	-	19.86	19.86	19.86
Loans	-	-	59,086.26	59,086.26	59,086.26
Investments	-	-	-	-	-
Other financial assets	-	-	149.32	149.32	149.32
<b>Total financial assets</b>	-	-	<b>64,091.82</b>	<b>64,091.82</b>	<b>64,091.82</b>
<b>Financial liabilities</b>					
Trade payables	-	-	398.23	398.23	398.23
Other payables	-	-	-	-	-
Debt securities	-	-	2,079.01	2,079.01	2,079.01
Borrowings	-	-	25,946.59	25,946.59	25,946.59
Other financial liabilities	-	-	5,435.63	5,435.63	5,435.63
<b>Total financial liabilities</b>	-	-	<b>33,859.46</b>	<b>33,859.46</b>	<b>33,859.46</b>

### Carrying value and fair value of financial instruments by categories as at March 31, 2022.

Rs. in Lakhs

Particulars	FVTPL	FVPCI	Amortised cost	Total carrying value	Fair value
<b>Financial assets</b>					
Cash and cash equivalents	-	-	19.35	19.35	19.35
Bank balance other than cash and cash equivalents	-	-	4,045.79	4,045.79	4,045.79
Other receivable	-	-	3.88	3.88	3.88
Loans	-	-	48,254.26	48,254.26	48,254.26
Investments	7,799.03	-	-	7,799.03	7,799.03
Other financial assets	-	-	125.44	125.44	125.44
<b>Total financial assets</b>	<b>7,799.03</b>	-	<b>52,448.72</b>	<b>60,247.75</b>	<b>60,247.75</b>
<b>Financial liabilities</b>					
Trade payables	-	-	184.74	184.74	184.74
Other payables	-	-	4.29	4.29	4.29
Debt securities	-	-	3,899.55	3,899.55	3,899.55
Borrowings	-	-	22,850.93	22,850.93	22,850.93
Other financial liabilities	-	-	4,522.39	4,522.39	4,522.39
<b>Total financial liabilities</b>	-	-	<b>31,461.91</b>	<b>31,461.91</b>	<b>31,461.91</b>

## Fair value measurement of financial assets and financial liabilities

The Fair value of loan given and funds borrowed approximates the carrying value as the respective interest rates of the said instruments are at the prevailing market rate of interest.

The carrying amount of other financial assets and other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

During financial year ended March 31, 2023 and March 31, 2022, the Company has not reclassified any of financial assets from one category to another category. Hence, fair value hierarchy is not given for the same.

### An analysis of financial instruments grouped into Level 1, 2 and 3 as at March 31, 2023.

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets</b>				
Loans	-	-	59,086.26	59,086.26
Investments	-	-	-	-
<b>Total financial assets</b>	-	-	<b>59,086.26</b>	<b>59,086.26</b>
<b>Financial liabilities</b>				
Debt securities	-	-	2,079.01	2,079.01
Borrowings	-	-	25,946.59	25,946.59
<b>Total financial liabilities</b>	-	-	<b>28,025.60</b>	<b>28,025.60</b>

### An analysis of financial instruments grouped into Level 1, 2 and 3 as at March 31, 2022.

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets</b>				
Loans	-	-	48,254.26	48,254.26
Investments	7,799.03	-	-	7,799.03
<b>Total financial assets</b>	<b>7,799.03</b>	-	<b>48,254.26</b>	<b>56,053.29</b>
<b>Financial liabilities</b>				
Debt securities	-	-	3,899.55	3,899.55
Borrowings	-	-	22,850.93	22,850.93
<b>Total financial liabilities</b>	-	-	<b>26,750.48</b>	<b>26,750.48</b>

## 41. RELATED PARTY DISCLOSURES:

Related party	Name of related parties
Holding enterprises	KIFS International LLP
<b>Key Managerial person</b>	
Chairman and Managing Director	Rajesh P. Khandwala
Managing Director	Vimal P. Khandwala
Company Secretary	Tejal Gunjan Gala (resigned w.e.f August 10, 2022)
Company Secretary	Samrudhi Satish Shetty (appointed w.e.f March 20, 2023)
Chief Financial Officer	Deepak Kumar Ajmera (resigned w.e.f March 21, 2022)
Chief Financial Officer	Vikki Vijay Soni (appointed w.e.f. July 18, 2022))
Whole Time Director (Additional Director)	Kushal Jayesh Khandwala (appointed w.e.f. March 20, 2023)
<b>Enterprises over which Key Managerial person have control</b>	
	KIFS Trade Capital Private Limited
	Khandwala Finstock Private Limited
	KIFS Financial Services Limited
	Khandwala Commercial Private Limited
	KIFS Motors Private Limited
	Amoureux Enterprise Private Limited
	Endroit Enterprise Private Limited
	KIFS Bullion Private Limited
	KIFS (IFSC) Private Limited
	Khandwala Tradelink Co. (Partnership Firm)
	KIFS Enterprise (Partnership Firm)
	KIFS Commercial (Partnership Firm)
	KIFS Dealers (Partnership Firm)

	KIFS Trading LLP
	KIFS Infrastructure LLP
	KIFS Estate LLP
	Cashyu Services LLP
	24KT Jewels Private Limited
	KIFS Insurance Broking Private Limited
	KIFS Broking Private Limited
	Aananta Exim LLP
	Anantadrishi Pedestal Private Limited
	Padmaja E – Commerce Private Limited
	S K Z Developers LLP
	VPriya Dealers Private Limited
<b>Independent / Non-executive Directors</b>	
	Padmanabh Vora (ceased w.e.f August 5, 2022)
	Bhavna Desai
<b>Related party</b>	<b>Name of related parties</b>
	Purvi Bhavsar
	Kartik Mehta
	Satish Mehta (appointed w.e.f. November 30, 2022)

**Particulars of transactions with related parties. The transactions are disclosed in aggregate value.**

Rs. in Lakhs

Transactions	Name of related party	Enterprises over which KMP have control	KMP/ relatives of KMP	Independent / Non-Executive Directors
Loan Taken	Khandwala Finstock Pvt. Ltd.	1,698.00		
<b>Total Loan Taken</b>		<b>1,698.00</b>		
Repayment paid on loan Taken	Khandwala Finstock Pvt. Ltd.	1,698.00		
<b>Total Repayment made on loan Taken</b>		<b>1,698.00</b>		
Interest Expenses	Khandwala Finstock Pvt. Ltd.	38.15		
Managerial Remuneration	Samrudhi Satish Shetty (appointed w.e.f. March 20, 2023)		0.17	
	Vikki Vijay Soni (appointed w.e.f. July 18, 2022)		-	
	Tejal Gunjan Gala (resigned w.e.f. August 10, 2022)		34.76	
	Deepak Kumar Ajmera (resigned w.e.f. March 21, 2022)		-	
			(9.00)	
			(61.29)	
Re-imbusement of Expenses	Vikki Vijay Soni (appointed w.e.f. July 18, 2022)		4.22	
	Deepak Kumar Ajmera (resigned w.e.f. March 21, 2022)		-	
			(4.69)	



Transactions	Name of related party	Enterprises over which KMP have control	KMP/ relatives of KMP	Independent / Non-Executive Directors
	Tejal Gunjan Gala (resigned w.e.f. August 10, 2022)		-	
			(0.04)	
Sitting Fees	Padmanabh Vora			0.70
				(2.60)
	Bhavna Desai			1.80
				(0.90)
	Purvi Bhavsar			1.10
				(0.70)
	Kartik Mehta			1.10
				(0.50)
	Satish Mehta			0.30
				-
Director Remuneration	Satish Mehta			1.00
				-
<b>Total</b>			<b>42.38</b>	<b>6.00</b>
			<b>(75.02)</b>	<b>(4.70)</b>

Note – Previous year figures are given in bracket.

Note – The company has not granted any loans to promoters, directors, KMP's & related parties during the financial year 2022-2023 & 2021-2022.

# For Continuing employees, expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis as at the end of each year and accordingly, have not been considered in the above information.

#### Balances outstanding at the end of the year

		Rs. in Lakhs	
Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Equity share capital</b>		
	- KIFS International LLP	24,948.58	24,948.58

## 42. EMPLOYEE BENEFITS

### DEFINED BENEFIT PLAN:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

#### ASSET VOLATILITY:

The plan liabilities are calculated using a discount rate set with references to government bond yields; this may carry volatility and associated risk.

#### INFLATION RISK:

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

#### LIFE EXPECTANCY:

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Gratuity benefit liabilities of the company are unfunded.

The following tables set out the status of the gratuity plan as required under Ind AS 19.

Rs. in Lakhs

Particulars	Year ended March 31, 2023 (Unfunded)	Year ended March 31, 2022 (Unfunded)
<b>Employee benefit expense recognized in Statement of Profit &amp; Loss:</b>		
Current Service Cost	32.32	21.58
Net Interest Cost	2.40	2.67
<b>Net Benefit Expense</b>	<b>34.72</b>	<b>24.25</b>
<b>Employee benefit expense recognized in Other comprehensive income (OCI):</b>		
Actuarial (gain)/losses on obligation for the period	(25.33)	(29.84)
Actual Returns on Plan Assets excluding Interest Income	-	-
<b>Net expense recognized in OCI for the period</b>	<b>(25.33)</b>	<b>(29.84)</b>

Rs. in Lakhs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	33.38	38.97
Interest cost	2.40	2.67
Current service cost	32.32	21.58
Actuarial (gains)/losses	(25.33)	(29.84)
Benefit paid by company	(0.45)	-
<b>Closing defined benefit obligation</b>	<b>42.32</b>	<b>33.38</b>
<b>Amount Recognised in Balance Sheet</b>		
Defined benefit obligation	42.32	33.38
Fair value of plan assets		
(Asset)/liability	42.32	33.38

The principal assumptions used in determining gratuity obligation for the company's plans are shown below:

Rs. in Lakhs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate per annum	7.45% p.a	7.25% p.a
Rate of Salary increment	7.00% p.a	7.00% p.a
Employee turnover rate	15.00% p.a. at younger ages reducing to 2.00% p.a.% at older ages	15.00% p.a. at younger ages reducing to 2.00% p.a.% at older ages
Mortality Rate	Indian Assured Lives Mortality Rate (2012-14)	Indian Assured Lives Mortality Rate (2012-14)

**Projection Risks:**

**Interest Risk** - A decrease in the bond interest rate will increase the plan liability.

**Longevity Risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## Maturity profile of defined benefit obligations

Rs. in Lakhs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Maturity benefits payable in future years from the date of reporting</b>		
1st following year	1.00	0.55
2nd following year	1.17	1.43
3rd following year	1.64	1.85
4th following year	1.88	2.18
5th following year	3.25	2.34
Sum of years 6 to 10	18.51	13.06
After 10 years	14.87	11.97
<b>Total</b>	<b>42.32</b>	<b>33.38</b>

## Quantitative sensitivity analysis for significant assumption

Rs. in Lakhs

Particulars	March 31, 2023 (12 Months)	March 31, 2022 (12 Months)
<b>Discount Rate Sensitivity</b>		
Increased by 0.5%	39.88	31.45
(% change)	-5.76%	-5.78%
Decrease by 0.5%	44.97	35.49
(% change)	6.28%	6.32%
<b>Salary Growth Rate Sensitivity</b>		
Increased by 0.5%	44.65	35.10
(% change)	5.51%	5.16%
Decrease by 0.5%	40.13	31.70
(% change)	-5.16%	-5.02%
<b>Withdrawal Rate (W.R.) Sensitivity</b>		
W.R x 110%	41.64	32.88
(% change)	-1.58%	-1.49%
W.R x 90%	42.99	33.87
(% change)	1.59%	1.47%

## Compensated absence

Cost for compensated absence is included in the line item 'Employee benefits expenses' in the statement of profit and loss. Details for compensated absence are as given below.

Rs. in Lakhs

Particulars	For the year 2022-23	For the year 2021-22
Cost	68.58	47.89
Discount rate used	7.45%	7.25%
Salary escalation rate used	7.00%	7.00%

## Details of the company's contribution to defined contribution plan is given below

Rs. in Lakhs

Particulars	For the year 2022-23	For the year 2021-22
Provident fund	136.09	75.36
Employee State Insurance Scheme	6.07	4.70

## 43. EVENTS AFTER REPORTING DATE

There have been no significant events after the reporting date that require disclosure in these financial statements.

## Disclosures as required by Reserve Bank of India



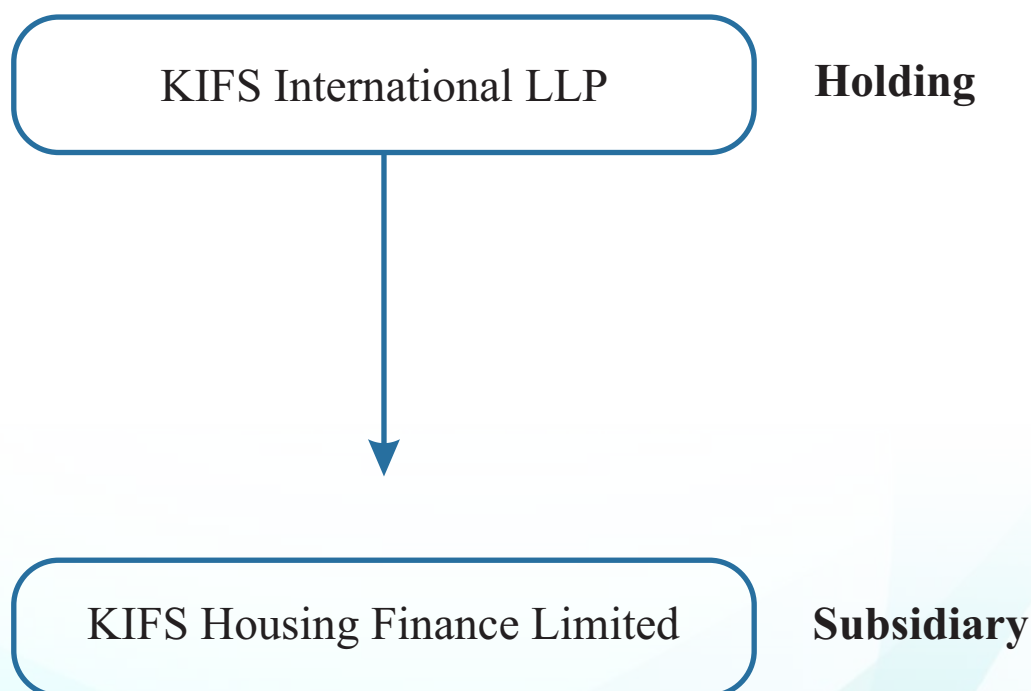
#### 44. CAPITAL TO RISK ASSETS RATIO (CRAR) (COMPUTED AS PER METHOD PRESCRIBED BY RBI)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	CRAR (%) [(ii) + (iii)]	93.93%	90.54%
(ii)	CRAR- Tier I Capital (%)	93.42%	89.59%
(iii)	CRAR- Tier II Capital (%)	0.51%	0.95%
(iv)	Amount of subordinated debt considered as Tier-II capital (In ₹)	Nil	Nil
(v)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

#### 45. PRINCIPAL BUSINESS CRITERIA

Particulars	As at March 31, 2023	As at March 31, 2022
Percentage (%) of housing loans to total assets less intangibal assets	74.21%	69.18%
Percentage (%) of housing loans to individuals to total assets less intangible assets	74.21%	69.18%

#### 46. GROUP STRUCTURE



## 50. PROVISIONS AND CONTINGENCIES

Rs. in Lakhs

Particulars (break-up of provisions and contingencies shown under the head 'Expenses' in profit and loss)	Year ended March 31, 2023	Year ended March 31, 2022
Provisions made towards income tax	478.29	395.59
Provisions towards NPAs	(14.44)	67.25
Provisions for standard assets	(293.47)	204.42
Additional floating provision on loan assets	465.25	(163.65)
Provision for restructured cases	(6.72)	37.89
Provision for commitments	(1.87)	1.80
Other provisions and contingencies		
Gratuity	8.94	(5.60)
Compensated absences	17.81	(10.61)
Provision for expenses	338.81	193.80

## 51. CONCENTRATION OF NPAS

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top ten NPA accounts	172.11	162.51

## 52. SECTOR WISE NPAS PROVISIONS AND CONTINGENCIES

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Housing Loan</b>		
(I) Individual (out of total advances in that sector)	167.44	187.84
Individual (in %) (out of total advances in that sector)	0.35%	0.44%
<b>B. Non-Housing Loan</b>		
(I) Individual (out of total advances in that sector)	44.23	38.27
Individual (in %) (out of total advances in that sector)	0.37%	0.56%

## 53. MOVEMENT OF NPAS

Rs. in Lakhs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(I) Net NPAs to net advances (%)	0.89%	0.62%
(II) Movement of gross NPAs		
a) Opening balance	528.59	364.72
b) Addition during the year	215.28	163.87
<b>c) Closing balance</b>	<b>743.87</b>	<b>528.59</b>
(III) Movement of net NPAs		
a) Opening balance	302.48	205.86
b) Addition during the year	229.72	96.62
<b>c) Closing balance</b>	<b>532.20</b>	<b>302.48</b>
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	226.11	158.86
b) Addition during the year	(14.44)	67.25
<b>c) Closing balance</b>	<b>211.67</b>	<b>226.11</b>

## 54. CUSTOMER COMPLAINTS

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	56	68
(c) No. of complaints resolved during the year	56	68
(d) No. of complaints pending at the end of the year	-	-

## 55. CONCENTRATION OF PUBLIC DEPOSITS

The company is a non-deposit taking housing finance company. Hence, this disclosure is not applicable.

#### 47. STATUTORY RESERVE

The Company creates a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum equal to twenty percent of its profits derived from eligible business (business of providing long term finance for the construction or purchase of houses in india for residential purposes) every year, and before any dividend is declared, is transferred. The Special Reserve qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly, the Company has been availing tax benefit for such transfers.

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening balance</b>		
- Statutory Reserve u/s 29C of National Housing Bank, Act 1987	1,183.33	926.73
- Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	124.40	83.45
<b>Total</b>	<b>1,307.73</b>	<b>1,010.18</b>
<b>Addition/withdrawal during the year</b>		
Add:		
- Amount transferred u/s 29C of the NHB Act, 1987	268.80	256.60
- Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	99.24	40.95
<b>Less:</b>		
- Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
- Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
<b>Closing balance</b>	<b>1,675.77</b>	<b>1,307.73</b>
- Statutory Reserve u/s 29C of National Housing Bank, Act 1987	1,452.13	1,183.33
- Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	223.64	124.40
<b>Total</b>	<b>1,675.77</b>	<b>1,307.73</b>

There has been no draw down from reserves during the year ended March 31, 2023 and during the year ended March 31, 2022.

48. The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters.

#### 49. INVESTMENTS

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>a) Value of Investment</b>		
I) Gross value of Investments		
a) In India	-	7,799.03
b) Outside India	-	-
II) Provision for depreciation		
a) In India	-	-
b) Outside India	-	-
III) Net value of investments		
a) In India	-	7,799.03
b) Outside India	-	-
<b>b) Movements of provisions held towards depreciation in investments</b>		
I) Opening balance	-	-
II) Add: Provisions made during the year	-	-
III) Less: Write off/write back of excess provisions during the year	-	-
IV) Closing balance	-	-



## 56. CONCENTRATION OF LOANS AND ADVANCES

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Total loans of twenty largest borrowers	823.07	716.26
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	1.37%	1.46%

## 57. CONCENTRATION OF ALL EXPOSURES (INCLUDING OFF BALANCE SHEET EXPOSURE)

Rs. in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Total loans of twenty largest borrowers/customers	876.86	745.41
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	1.31%	1.37%

## 58. RATING ASSIGNED BY RATING AGENCIES DURING THE YEAR

Rs. in Lakhs

Instruments	F.Y. 2022-23	F.Y. 2021-22
<b>Long term bank facilities</b>		
-Acuite	A- Stable outlook	A- Stable outlook
<b>Non-convertible debentures</b>		
-Acuite	A- Stable outlook	A- Stable outlook
-Brickworks	BBB + Stable outlook	BBB + Stable outlook

## 59. BREAK-UP OF LOANS AND ADVANCES AND PROVISIONS THEREON

Rs. in Lakhs

Particulars	Housing Loan	Non-Housing Loan
<b>As at March 31, 2023</b>		
<b>Standard assets</b>		
Principal outstanding	47,570.38	11,747.24
EMI/PEMI-interest/fee debtors	-	50.74
Provisions	216.71	67.93
<b>Sub-standard assets</b>		
Principal outstanding	338.59	98.19
Provisions	100.74	32.72
<b>Doubtful assets – Category I</b>		
Principal outstanding	249.83	57.25
Provisions	78.79	19.01
<b>Doubtful assets – Category II</b>		
Principal outstanding	-	-
Provisions	-	-
<b>Total</b>		
<b>Principal outstanding</b>	<b>48,158.81</b>	<b>11,902.68</b>
<b>EMI/PEMI-interest/fee debtors</b>	<b>-</b>	<b>50.74</b>
<b>Provisions</b>	<b>396.24</b>	<b>119.66</b>

Particulars	Housing Loan	Non-Housing Loan
<b>As at March 31, 2022</b>		
<b>Standard assets</b>		
Principal outstanding	41,804.35	6,746.73
EMI/PEMI-interest/fee debtors	-	51.81
Provisions	491.66	97.54
<b>Sub-standard assets</b>		
Principal outstanding	329.08	83.91
Provisions	151.10	40.79
<b>Doubtful assets – Category I</b>		
Principal outstanding	110.04	5.56
Provisions	47.07	2.38
<b>Doubtful assets – Category II</b>		
Principal outstanding	-	-
Provisions	-	-
<b>Total</b>		
<b>Principal outstanding</b>	<b>42,243.47</b>	<b>6,836.20</b>
<b>EMI/PEMI-interest/fee debtors</b>	<b>-</b>	<b>51.81</b>
<b>Provisions</b>	<b>689.82</b>	<b>140.71</b>

**60. DISCLOSURE REQUIRED AS PER CIRCULAR DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 - IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS AS AT MARCH 31, 2023.**

Rs. in Lakhs

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing assets</b>						
Standard	Stage 1	58,475.11	165.97	58,309.14	160.93	5.04
	Stage 2	893.25	67.61	825.63	2.42	65.20
<b>Subtotal</b>		<b>59,368.36</b>	<b>233.58</b>	<b>59,134.78</b>	<b>163.34</b>	<b>70.24</b>
<b>Non-performing assets (NPA)</b>						
Substandard	Stage 3	436.79	124.29	312.50	66.59	57.70
Doubtful - up to 1 year	Stage 3	307.08	87.38	219.70	78.03	9.35
1 to 3 Years	Stage 3	-	-	-	-	-
More Than 3 year	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>		<b>307.08</b>	<b>87.38</b>	<b>219.70</b>	<b>78.03</b>	<b>9.35</b>
<b>Loss</b>	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>743.87</b>	<b>211.67</b>	<b>532.20</b>	<b>144.62</b>	<b>67.05</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	6,848.86	8.46	6,840.40	-	8.46
	Stage 2	15.16	-	15.16	-	-
	Stage 3	16.41	-	16.41	-	-

<b>Subtotal</b>		<b>6,880.43</b>	<b>8.46</b>	<b>6,871.97</b>	<b>-</b>	<b>8.46</b>
<b>Total</b>	<b>Stage 1</b>	<b>65,323.97</b>	<b>174.43</b>	<b>65,149.54</b>	<b>160.93</b>	<b>13.50</b>
	<b>Stage 2</b>	<b>908.41</b>	<b>67.61</b>	<b>840.79</b>	<b>2.42</b>	<b>65.20</b>
	<b>Stage 3</b>	<b>760.28</b>	<b>211.67</b>	<b>548.61</b>	<b>144.62</b>	<b>67.05</b>
	<b>Total</b>	<b>66,992.66</b>	<b>453.71</b>	<b>66,538.95</b>	<b>307.96</b>	<b>145.75</b>

In addition to above, the Company has made additional provision of Rs. 501.60 lakhs for loan losses and Rs. 70.65 lakhs for restructuring cases.

**61.** There are no unsecured advances against intangible securities such as rights, licenses, and authorisations as collateral security during the year ended 31 March 2023 and 31 March 2022.

**62.** The Company does not have any prior period items / change in accounting policies during the current year other than disclosed in financials

### **63. MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES**

Rs. in Lakhs

	<b>As at March 31, 2023</b>			
	<b>Loans</b>	<b>Bank borrowings#</b>	<b>Market borrowings</b>	<b>Investments</b>
1 - 7 days	255.79	16.67	-	-
8 - 14 days	255.79	33.33	-	-
15 - 1 month	-	142.25	-	-
1 - 2 months	75.07	726.77	-	-
2 - 3 months	75.95	227.09	-	-
3 - 6 months	233.25	1,751.73	2,079.01	-
6 - 1 year	551.51	3,432.80	-	-
1 - 3 years	1,581.41	12,251.84	-	-
3 - 5 years	2,123.72	6,802.91	-	-
5 years	53,933.76	561.19	-	-
<b>Total</b>	<b>59,086.26</b>	<b>25,946.59</b>	<b>2,079.01</b>	<b>-</b>

# Excluding loans repayable on demand from banks.

Rs. in Lakhs

	<b>As at March 31, 2022</b>			
	<b>Loans</b>	<b>Bank borrowings#</b>	<b>Market borrowings</b>	<b>Investments</b>
1 - 7 days	339.97	16.56	-	7,799.03
8 - 14 days	187.85	-	-	-
15 - 1 month	155.34	199.58	-	-
1 - 2 months	364.03	437.02	995.63	-
2 - 3 months	365.17	106.52	-	-
3 - 6 months	1,102.50	1,214.56	829.69	-
6 - 1 year	2,329.16	2,442.08	-	-
1 - 3 years	7,009.55	9,180.12	2,074.23	-
3 - 5 years	6,716.68	6,746.72	-	-
5 years	29,684.01	2,497.72	-	-
<b>Total</b>	<b>48,254.26</b>	<b>22,840.88</b>	<b>3,899.55</b>	<b>7,799.03</b>

# Excluding loans repayable on demand from banks.



## 64. EXPOSURE TO REAL ESTATE SECTOR

Rs. in Lakhs

Particulars	F.Y. 2022-23	F.Y. 2021-22
<b>Category</b>		
<b>a) Direct exposure</b>		
<b>i) Residential mortgage:</b>		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;		
Housing loan up to Rs. 15 Lakhs	41,275.12	36,759.64
Housing loan more than Rs. 15 Lakhs	6,883.69	5,483.83
<b>ii) Commercial real estate:</b>		
Lending secured by mortgages on commercial real estates (Office, building, retail space, multipurpose commercial premises, multi-family residential buildings, multi tenanted premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.). Exposure would also include non-fund based (NBF) limits.	-	-
<b>iii) Investment in mortgage backed securities (MBS) and other securitized exposures:</b>		
a) Residential	-	-
b) Commercial real estate	-	-
<b>b) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

## 65. EXPOSURE TO GROUP COMPANIES ENGAGED IN REAL ESTATE ACTIVITIES

The Company does not have any exposure to group companies engaged in real estate activities.

## 66. CONSOLIDATED FINANCIAL STATEMENTS

The Company does not have investments in any entities. Hence, the Company is not required to prepare consolidated financial statements.

## 67. SCHEDULE TO THE BALANCE SHEET OF THE HOUSING FINANCE COMPANY AS REQUIRED UNDER MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

### Liabilities side

Rs. in Lakhs

Sr. no.	Particulars	Total Amount Outstanding	Amount Overdue
1)	Loans and Advances availed by the non- banking financial company inclusive of interest accrued thereon but not due		
a)	Debentures :		
	- Secured	2,211.46	-
	- Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
b)	Deferred Credits	-	-
c)	Term Loans	25,977.97	-
d)	Inter-corporate loans and borrowing	-	-
e)	Commercial Paper	-	-
f)	Loans repayable on demand from banks	-	-
g)	Sub ordinate debt	-	-
h)	Working capital facility	-	-
i)	Book overdraft	4,197.88	-

**ASSETS SIDE**

Rs. in Lakhs

Sr. no.	Particulars	Amount
2)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>	
	a) Secured	59,086.26
	b) Unsecured	19.86
3)	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>	
I	Lease assets including lease rentals under sundry debtors :	
	a) Financial Lease	-
	b) Operating Lease	-
II	Stock on hire including hire charges under sundry debtors:	
	a) Assets on hire	-
	b) Repossessed Assets	-
III	Other loans counting towards AFC activities :	
	a) Loans where assets have been repossessed	-
	b) Loans other than (a) above	-
4)	<b>Break- up of Investments:</b>	
	<b>Current Investments</b>	
I	<b>Quoted</b>	
I	Shares	
	a) Equity	-
	b) Preference	-
ii	Debenture and Bonds	-
iii	Units of Mutual Funds	-
iv	Government Securities	-
V	Others	-
II	<b>Unquoted</b>	
I	Shares	
	c) Equity	-
	d) Preference	-
ii	Debenture and Bonds	-
iii	Units of Mutual Funds	-
iv i	Government Securities	-
V I	Others	-
	<b>Long Term Investments</b>	
I	<b>Quoted</b>	
I	Shares	
e)	e) Equity	-
f)	f) Preference	-
II	Debenture and Bonds	-
III	Units of Mutual Funds	-
IV	Government Securities	-
V	Others	-
II	<b>Unquoted</b>	
I	Shares	
	g) Equity	-
	h) Preference	-
II	Debenture and Bonds	-
III	Units of Mutual Funds	-
IV	Government Securities	-
V	Others	-

**Borrower group-wise classification of assets financed as in (2) and (3) above:**

Rs. in Lakhs

Category	Amount of Net Provision		
	Secured	Unsecured	Total
Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other Related Parties	-	-	-
Other than related parties	59,086.26	19.86	59,106.12
<b>Total</b>	<b>59,086.26</b>	<b>19.86</b>	<b>59,106.12</b>

**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Rs. in Lakhs

Category	Market Value/Break up or Fair Value or NAV	Book Value (Net of Provisions)
Related Parties		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other Related Parties	-	-
Other than related parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Other Information**

Rs. in Lakhs

Particulars	
Gross Non- Performing Assets	
a) Related Parties	-
b) Other than related parties	743.87
Net Non- Performing Assets	
c) Related Parties	-
d) Other than related parties	532.20
Assets acquired in satisfaction of Debts	-

68. The Company has not undertaken assignments of loans during the financial year ended March 31, 2023 and March 31, 2022.

69. The Company has not undertaken securitisation of loans during the financial year ended March 31, 2023 and March 31, 2022. The Company has not sponsored any SPVs during the current and previous year, and there is no outstanding amount of securitised assets as a result of any such sponsorships.

70. The company has not disbursed any loans against security of gold.

71. The Company has no exposure in capital market in the current financial year and previous financial year.

72. The Company has no transactions/exposures in forward rate agreement/interest rate swap in the current financial year and previous financial year.

73. The Company has no transactions/exposures in derivatives in the current financial year and previous financial year.

74. The company has not witnessed/reported any instances of fraud in the current financial year and previous financial year.

75. The company has not purchased/sold non performing financial assets from other Housing Finance Companies in the current financial year and previous financial year.

76. The Company has not sold any financial assets to Securitisation/Reconstruction Company for assets reconstruction in the current financial year and previous financial year.

77. The Company has not exceeded single borrower limit and group borrower limit as set by regulator during current financial year and previous financial year.

78. The Company is not registered with any other financial regulator.



79. During the current year, in line with Indian Accounting Standards, the share issue expenses of Rs. 47.51 lakh have been reclassified to Other Equity from Equity Share Capital. As a result of above the Retained Earnings are lower to the extent of Rs. 47.51 lakh and Equity Share Capital is higher to the extent of Rs. 47.51 lakh. However, there is no change in the net worth of the Company.

80. There is no financing of the parent company's products during the current financial year and previous financial year.

81. The Company did not have any overseas assets as at March 31, 2023 and as at March 31, 2022.

## 82. PENALTIES :

Rs. in Lakhs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
National Housing Bank	-	-

83. No adverse remarks were levied by National Housing Bank and Reserve Bank of India during current financial year and previous financial year.

84. The accounting policies regarding key areas of operations are disclosed as note 3 to the financial statements.

85. There have been no instances except for interest on non-performing loans in which revenue recognition is postponed pending the resolution of significant uncertainties.

86. Details of all material transactions with related parties are disclosed in note 41 of financial statements.

87. Refer to the Management Discussion and Analysis report for the management related disclosures.

88. The Company does not have any benami property in its name. No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

89. The Company has not been declared as wilful defaulter by any bank, financial institution, government, any government authority or any other lender during the current financial year and previous financial year.

90. The Company has not undertaken any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 1956.

91. No charges or satisfaction are pending to be registered with ROC beyond the statutory period.

92. Compliance with number of layers of companies is not applicable since the Company does not have any subsidiary.

## 93. DISCLOSURE OF RATIOS (IN %) :

S.No	Particulars	Numerator (Rs. In Lakhs)			Denominator (Rs. In Lakhs)			Ratio		Variance (%)
		Particulars	2022-23	2021-22	Particulars	2022-23	2021-22	2022-23	2021-22	
(a)	Liquidity coverage ratio	High Liquid Assets	609.72	9,796.35	High Liquid Liabilities	2,301.37	4,359.19	0.26	2.25	(88.44)%
(b)	Debt –Equity Ratio	Total Debt (Borrowing + Debentures)	32,223.46	30,043.62	Shareholder's Equity	31,212.77	29,849.82	1.03	1.01	1.98%
(c)	Total debts to total assets	Total Debt (Borrowing + Debentures)	32,223.46	30,043.62	Total Assets	65,681.53	61,784.68	0.49	0.49	0.00%
(d)	Operating margin	Profit before tax	1,656.37	1,619.38	Total Income	8,007.53	6,535.21	20.69%	24.78%	(16.51)%
(e)	Net profit margin	Profit after tax	1,344.00	1,283.01	Total Income	8,007.53	6,535.21	16.78%	19.63%	(14.52)%
(f)	Gross stage 3 loans to gross loans	Gross stage 3 loans	743.87	528.59	Gross Loans outstanding	60,112.23	49,131.48	1.24%	1.08%	14.81%
(g)	Net stage 3 loans to net loans	Gross NPA less NPA Provision	532.20	302.48	Sum of Stage 1,2,3 Loans Less Stage 3 Provision	59,900.56	48,905.37	0.89	0.62%	43.55%

**Reason for change in ratios by more than 25% :**

**(a) Liquidity Coverage Ratio (% change : 88.44%) :**

The company has investment of Rs. 7799.03 lakhs in financial year 2021-22 which has been redeemed during financial year 2022-23.

**(b) Net stage 3 loans to net loans (% change : 43.55%)**

The company has implemented the new RBI circular on asset classification issued vide ref. no. Master Circular DOR.No.STR.REC.55/21.04.048/2021-22 dated October 1, 2021. The increase in Stage-3 asset has been on account of stringent norms implemented by the company.

**94. (i)** The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity (ies) including foreign entities (intermediaries) with the understanding that the intermediary shall :

**(a)** Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

**(b)** Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

**(ii)** The Company has not received any fund from any person(s) or entities (ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall :

**(a)** Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

**(b)** Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

**95.** There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

**96.** The Company has not traded or invested in Crypto or Virtual Currency during the year.

**97.** Previous financial year figures have been reclassified/regrouped/restated to conform to current financial year's classification.

**As per our report of even date  
For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136**

**For and on behalf of the Board of Directors of  
KIFS Housing Finance Limited**

sd/-  
**CA. Laxminarayan P. Yekkali**  
Partner  
M. No. 114753

sd/-  
**Rajesh P. Khandwala**  
Chairman and Managing Director  
DIN: 00477673

sd/-  
**Vimal P. Khandwala**  
Managing Director  
DIN: 00477768

sd/-  
**Vikki Vijay Soni**  
Chief Financial Officer  
PAN - BRLPS7392J

sd/-  
**Samrudhi Satish Shetty**  
Company Secretary  
M. No. ACS-63985

**Place: Mumbai  
Date: May 30, 2023**

**Place: Mumbai  
Date: May 30, 2023**